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Transcript Exhibit(s)

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AZ CORP COMMISSION  
DOCKET CONTROL

Docket #(s): W-02237A-15-0008

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Arizona Corporation Commission

DOCKETED

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Exhibit #: A-1, A-2, S-1

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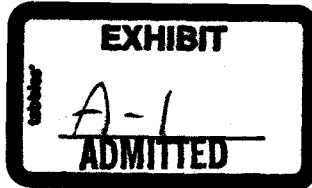
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ORIGINAL  
NEW APPLICATION



0000160120

1 Steve Wene, No. 019630  
2 MOYES SELLERS & HENDRICKS LTD.  
3 1850 N. Central Avenue, Suite 1100  
4 Phoenix, Arizona 85004  
5 (602)-604-2189  
6 swene@law-msh.com  
7 Attorneys for Applicant



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AZ CORP COMMISSION  
DOCKET CONTROL

2015 JAN 14 PM 4 35

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

9 SUSAN BITTER SMITH, CHAIRMAN  
10 BOB STUMP  
11 BOB BURNS  
12 DOUG LITTLE  
13 TOM FORESE

Arizona Corporation Commission  
DOCKETED

JAN 14 2015

DOCKETED BY	nr
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14 IN THE MATTER OF THE  
15 APPLICATION OF ORANGE GROVE  
16 WATER COMPANY, INC. FOR  
17 APPROVAL OF THE SALE OF ASSETS  
18 AND CANCELLATION OF THE  
19 CERTIFICATE OF CONVENIENCE AND  
20 NECESSITY

Docket Nos. W-02237A-15-0008

APPLICATION FOR APPROVAL OF  
THE SALE OF ASSETS AND  
CANCELLATION OF THE  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY

21 Pursuant to Arizona Corporation rules and procedures, Orange Grove Water  
22 Company (Company or Applicant) submits this Application for Approval of the Sale of  
23 Assets and Cancellation of the Certificate of Convenience and Necessity (CC&N).  
24

PRELIMINARY STATEMENT

25  
26 The Company is an Arizona corporation engaged in the business of providing  
27 water utility service to approximately 300 connections in Somerton, Arizona. Recently,  
28 the City of Somerton ("City") offered to purchase the Company and the Company

1 accepted the offer. *See Attachment 1.* The Company now seeks Commission approval to  
2 transfer the Company's property and assets to the City with the understanding that the  
3 City will continue to provide water service to all Company customers.  
4

5 APPLICATION

6 A. The name, address and telephone number of the Applicant is:  
7

8 **Orange Grove Water Company, Inc.**  
9 **15251 S. Avenue 3 E**  
10 **Yuma, AZ 85365**  
11 **928-726-8272**

12 B. If doing business under a name other than the Applicant name specify:  
13

14 **Not Applicable.**

15 C. The Applicant is a:  
16

17 **For-Profit Corporation**

18 D. List the name, address and telephone number of the attorney for the Applicant:  
19

20 **Steve Wene**  
21 **Moyes Sellers & Hendricks**  
22 **1850 N. Central Avenue, Ste. 1100**  
23 **Phoenix, Arizona 85004**  
24 **(602) 604-2189**

25 E. List the name, address and telephone number of the management contact:  
26

27 **Contact: Kathleen Day**  
28 **Mailing Address: 15251 S. Avenue 3 E, Yuma, AZ 85365**  
**Telephone: 928-726-8272**  
**E-Mail Address: katdaykd@aol.com**

F. The name, address and telephone number of the Purchaser is:  
28

1       **City of Somerton**  
2       **PO Box 638**  
3       **110 N. State Ave**  
4       **928-722-7330**

5       G.    List the name and telephone number of the purchaser's representative.

6       **Bill Lee, Manager**  
7       **City of Somerton**  
8       **PO Box 638**  
9       **110 N. State Ave.**  
10       **928-722-7330**

11       H.    The Purchaser is a:

12       **City, a municipality of the State of Arizona.**

13       I.    The purpose for the sale is due to:

14       **Enable the community to benefit from economies of scale and the water**  
15       **provider receiving the benefits of being a municipal corporation. Those benefits**  
16       **include opportunities to receive grants and subsidized loans, tax benefits, and lower**  
17       **market costs for professional services.**

18       J.    Provide a copy of the following documents:

19       1. Sales or purchase agreement

20       **See Attachment 1.**

21       2. Court order (if condemnation)

22       **Not Applicable.**

23       3.    Corporate Resolution authorizing the liquidation of the assets, if required  
24       by the Articles of Incorporation

25       **Not Applicable.**

26       K.    Have all customer security deposits been refunded?

27       **The Company is not holding any security deposits currently.**  
28

1 L. Are there any refunds due on Main Extension Agreements?

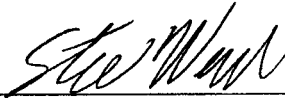
2 No.

3  
4 M. Are there any refunds due on meter and service line installations?

5 No.

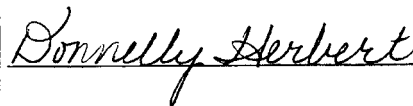
6  
7 DATED January 14, 2015.

8  
9 **MOYES SELLERS & HENDRICKS LTD.**

10   
11 \_\_\_\_\_  
12 Steve Wene

13  
14 Original and 13 copies of the foregoing  
15 filed this 14<sup>th</sup> day of January, 2015, with:

16 Docket Control  
17 Arizona Corporation Commission  
18 1200 West Washington  
19 Phoenix, Arizona 85007

20  
21   
22 \_\_\_\_\_  
23  
24  
25  
26  
27  
28

# **ATTACHMENT 1**

Final - Executed  
07/16/2014

**ASSET PURCHASE AGREEMENT  
AND  
ESCROW INSTRUCTIONS**

**Between**

**Orange Grove Water Company, Inc.,  
an Arizona corporation,  
as Seller**

**and**

**City of Somerton,  
a political subdivision of the State of Arizona,  
as Buyer**

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LIST OF EXHIBITS

- A Bill of Sale
  - B Assignment and Assumption Agreement
  - C Deed
- 

LIST OF SCHEDULES (to be attached to the Agreement following the parties' approval pursuant to Section 8.1.5 and Section 8.2.4 of this Agreement.

- Schedule 2.1 Purchased Assets
- Schedule 2.3 Excluded Assets
- Schedule 2.4 Assumed Liabilities

**ASSET PURCHASE AGREEMENT  
AND ESCROW INSTRUCTIONS**

**DATED:** Dated to be effective as of July 16, 2014 (the "Effective Date").

**PARTIES:** This Asset Purchase Agreement and Escrow Instructions (the "Agreement") is between Orange Grove Water Company, Inc., an Arizona corporation, as "Seller", and the City of Somerton, a political subdivision of the State of Arizona, as "Buyer". Seller and Buyer are referred to collectively herein as the "Parties" and, individually, as a "Party".

**RECITALS**

A. Seller is a public service corporation as defined in Article 15, Section 2, of the Arizona Constitution and, as such, is regulated by the Arizona Corporation Commission (the "Commission"). Seller holds a Certificate of Convenience and Necessity ("CC&N") granted by the Commission, which authorizes Seller to provide water utility service within a defined geographic area (the "Certificated Area").

B. Seller owns and operates a water system which serves customers residing within Seller's Certificated Area (the "Business").

C. Buyer desires to purchase the assets and certain real property of Seller solely relating to the Business and to assume certain rights and obligations of Seller solely relating to the Business, and Seller, on the conditions set forth herein, desires to sell and transfer such assets and real property to Buyer and to assign to Buyer such rights and obligations, all upon and subject to the terms and conditions set forth herein.

D. In connection with the transaction contemplated by this Agreement (the "Purchase Transaction"), the Parties contemplate the Commission's cancellation and extinguishment of Seller's CC&N. However, such deletion and extinguishment will be conditioned upon the consummation of the Purchase Transaction in accordance with the terms of this Agreement and the consummation of the Purchase Transaction will be conditioned upon the Commission's approval of the cancellation and extinguishment of Seller's CC&N for the Certificated Area.

E. Seller is aware and understands that Buyer's desire to purchase the assets and certain property related to the Business of Seller is contingent upon a financing plan that includes the Buyer's receipt of a grant from the federal government. If Buyer fails to obtain the grant and/or grant is not offered to Buyer, this Agreement is rendered null and void and Buyer and Seller have no further obligations under this Agreement, except the provisions relating to the disposition of the earnest deposit.

## AGREEMENT

NOW THEREFORE, in consideration of the mutual promises, representations and warranties set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. INCORPORATION OF RECITALS. All of the foregoing Recitals are hereby incorporated herein by reference as agreements of the Parties.

2. SALE AND PURCHASE OF ASSETS.

2.1 Assets to be Purchased. Subject to the terms and conditions set forth in this Agreement, Seller will sell, transfer, and deliver to Buyer, and Buyer will purchase from Seller, upon Close of Escrow (as defined herein), all of Seller's right, title and interest in and to all assets of Seller solely related to the Business, including but not limited to any agreements, customer information, prepaid items and refunds, warranties, service contracts, spare parts, specifications, plans, drawings, permits, test information, wells, storage tanks, service lines, water meters, generators, fire hydrants or other infrastructure utilized in connection with the provision of water utility service to customers within Seller's Certificated Area ("Customers"), real property, easements, tenements, hereditaments and appurtenances pertaining to the real property, and improvements (the "Improvements") affixed to real property (collectively, the "Purchased Assets"), unless specifically excluded pursuant to Section 2.3 below. Good title to all Purchased Assets shall be conveyed to Buyer free and clear of all liens and encumbrances unless expressly stated herein. The Purchased Assets are identified on Schedule 2.1.

2.1.1 Administration of Receivables. The parties shall read all customer meters and agree upon all meter readings no earlier than five (5) days prior to the Closing Date. After the Closing, Seller and Buyer shall cooperate with respect to payments made in the ordinary course by any third party so that Seller and Buyer each receive the third party payments appropriately payable to them under this Agreement. Without limiting the generality of the foregoing, Seller shall promptly bill customers for the last month of service payable to Buyer. Buyer shall perform collections after the Closing and shall pay Seller all receivables incurred for water service for the previous month within 20 days after Closing.

2.2 The Schedules. Seller may amend or create any Schedule to this Agreement in order to add information or correct information previously supplied to Buyer. Any supplement, amendment or revision to any Schedule to this Agreement shall be subject to prior written approval of Buyer.

2.3 Excluded Assets. The Purchased Assets do not and shall not include (i) any cash and cash equivalents, (ii) trademarks, trade names and logos of Seller, (iii) any

bank accounts and lock boxes of Seller, (iv) any rights which accrue to Seller under this Agreement as of the Effective Date, or (v) those assets related to the Business identified on Schedule 2.3 (this will include the home) attached hereto (collectively, the "Excluded Assets").

2.4 Assumed Liabilities. Unless otherwise set forth herein, at Close of Escrow, Seller will assign, and Buyer shall assume and agree to pay, discharge or perform, as appropriate, only those existing liabilities of Seller (i) set forth on Schedule 2.4 attached hereto, however, the parties reserve the right to revise language once the Schedules have been prepared), and (ii) all normal operating liabilities arising after the Close of Escrow (the "Assumed Liabilities").

2.5 Excluded Liabilities. Buyer shall not assume, pay, discharge, perform or in any way be responsible or liable for any of the following liabilities or obligations of Seller (the "Excluded Liabilities"): (i) any federal, state or local income, sales or other tax payable with respect to the Business or Purchased Assets for any period prior to Close of Escrow; and (ii) any liability or obligation under or in connection with any of the Excluded Assets; and (iii) any liabilities or obligations not set forth on Schedule 2.4.

### 3. PURCHASE PRICE.

3.1 Purchase Price. In consideration of the sale and transfer by Seller of the Purchased Assets of Seller and other terms set forth herein, Buyer shall pay to Seller an amount (the "Purchase Price") of Five Hundred, Fifty Thousand Dollars (\$550,000.00).

3.2 Payment of Purchase Price. Upon delivery to Citizens Title and Trust (Attn: Lisa Slade) (the "Escrow Agent") of this Agreement by each of Seller and Buyer, Buyer shall deposit Five Thousand Dollars (\$5,000.00) (the "Earnest Deposit") in immediately available funds in Escrow Agent's Escrow No. \_\_\_\_\_ (the "Escrow"), the date of such delivery and deposit being referred to herein as the "Opening of Escrow". The Earnest Deposit shall be credited towards Buyer's payment to Seller of the Purchase Price, the balance of which shall be payable to Seller at Close of Escrow.

3.2.1 Seller understands that payment of Purchase Price is contingent upon Buyer applying for and receiving a grant, which Buyer shall use to satisfy the Purchase Price.

3.3 Term. The Close of Escrow shall occur within one year of the Effective Date. The Parties may extend this Agreement by mutual written consent. The term "Close of Escrow" shall mean the deliveries to be made by the Parties at the Closing Date in accordance with this Agreement.

### 4. DISPOSITION OF EARNEST DEPOSIT.

- 4.1 Disposition of the Earnest Deposit. Seller and Buyer hereby instruct Escrow Agent to put the Earnest Deposit in a federally insured daily interest-bearing passbook account on behalf of Seller and Buyer. The Earnest Deposit and interest thereon to the date of withdrawal (the "Interest") shall be applied as follows:

4.1.1 If Buyer cancels this Agreement as a result of a Seller Event of Default (as defined in Section 19), Escrow Agent shall pay the Earnest Deposit and Interest to Buyer within fifteen (15) business days of written notice given by Buyer to Escrow Agent and Seller of such Seller Event of Default (the "Notice of Seller Default") unless, prior to the expiration of such fifteen business day period, Seller provides written notice of its objection to the Notice of Seller Default (the "Objection Notice"). If Seller provides an Objection Notice, the Parties shall endeavor in good faith to settle the matter within the following thirty (30) days. No suit related to the Earnest Deposit and Interest shall be brought or maintained during that period. If the Parties do not reach a final resolution within thirty (30) days after the delivery of the Objection Notice, Seller or Buyer shall be entitled to bring suit in accordance with Section 20.

4.1.2 If Seller cancels this Agreement as a result of a Buyer Event of Default (as defined in Section 19), Escrow Agent shall pay the Earnest Deposit and Interest to Seller within fifteen (15) business days of written notice given by Seller to Escrow Agent and Buyer of such Buyer Event of Default (the "Notice of Buyer Default") unless, prior to the expiration of such fifteen business day period, Buyer provides written notice of its objection to the Notice of Buyer Default (the "Objection Notice"). If Buyer provides an Objection Notice, the Parties shall endeavor in good faith to settle the matter within the following thirty (30) days. No suit related to the Earnest Deposit and Interest shall be brought or maintained during that period. If the Parties do not reach a final resolution within thirty (30) days after the delivery of the Objection Notice, Seller or Buyer shall be entitled to bring suit in accordance with Section 20.

4.1.3 If escrow closes, the Earnest Deposit and Interest shall be automatically applied against the Purchase Price at Close of Escrow.

4.1.4 Except as provided in Section 9.1.3, if Close of Escrow does not occur within one year after Effective Date or if the Parties inform the Escrow Agent that the Closing will not occur, then Escrow Agent shall pay the Earnest Deposit and Interest to Seller promptly, without further written instructions from Seller or Buyer.

5. THE CLOSING.

- 5.1 Time, Date and Place of Closing. The Purchase Transaction shall close and all deliveries to be made at Close of Escrow shall take place at the office of Escrow

Agent either: (i) within thirty (30) days of receipt of the Commission Order defined below, (ii) within thirty (30) days of Buyer's receipt of financing, or (iii) on such other date and at such other place and/or time as the Parties may agree (the "Closing Date"), whichever is later. The Closing Date shall not be extended without written agreement of the parties. To ensure the least amount of interference with normal business practice and accounting for the receivables relating the Seller's last month of service and payment of receivables, the Parties intend to set the Closing Date within three (3) business days after the first day of the first month after the conditions for Closing are met.

5.2 Seller's Obligations at Close of Escrow. At or prior to Close of Escrow, Seller shall execute and/or deliver or cause to be executed and/or delivered to Buyer:

5.2.1 a bill of sale from Seller to Buyer in substantially the form attached hereto as Exhibit A, with appropriate schedules attached (the "Bill of Sale");

5.2.2 an assignment and assumption agreement, in substantially the form attached hereto as Exhibit B, with appropriate schedules attached (the "Assignment and Assumption Agreement") including permits and licenses, if any;

5.2.3 At Buyers request, all data, documents, and pertinent information detailing rate increases during the previous 10 years.

5.2.4 a special warranty deed with respect to Seller's interest in the real property (the "Real Property") more particularly described on Attachment 1 to the specimen special warranty deed attached hereto as Exhibit C (the "Deed");

5.2.5 such other instruments and documents of the type or nature that are customarily provided by selling parties in connection with transactions of the type contemplated hereby and which Buyer reasonably deems to be necessary for Close of Escrow.

5.3 Buyer's Obligations at Close of Escrow. At or prior to Close of Escrow, Buyer shall execute and/or deliver or cause to be executed and/or delivered to Seller:

5.3.1 the Assignment and Assumption Agreement;

5.3.2 the balance of the Purchase Price by wire transfer of immediately available funds to such account(s) as Seller shall advise Buyer in writing prior to the Close of Escrow; and

5.3.3 such other instruments and documents of the type or nature that are customarily provided by purchasing parties in connection with transactions of the type contemplated hereby and which Seller reasonably deems to be necessary for Close of Escrow.

- 5.4 Transfer Documents. The Bill of Sale, the Assignment and Assumption Agreement, the Deed and all documents which may be necessary to transfer the Purchased Assets are hereinafter collectively referred to as the "Transfer Documents."

6. PRELIMINARY TITLE REPORT AND OBJECTIONS.

6.1 The Report and Objections.

- 6.1.1 Escrow Agent shall deliver to the Parties a preliminary title report (commitment for title insurance) concerning the Real Property together with legible copies of all instruments referred to therein (collectively the "Report"), by 5:00 p.m. local time on the 30th day following the Opening of Escrow. The Report is to be preliminary to the extended coverage owner's policy of title insurance to be issued to Buyer by Escrow Agent insuring Buyer's fee simple title to the Real Property and Improvements in the amount of the Purchase Price (the "Owner's Policy"). Buyer shall pay the costs associated with Title Report, coverage extensions, and any endorsements requested by Buyer.
- 6.1.2 Buyer shall have until 5:00 p.m. local time on the 10th day after the Buyer's receipt of the Report in which to advise Seller and Escrow Agent, in writing, of any objections to any liens, encumbrances or other exceptions in the Report (excluding real property taxes and assessments not yet due and payable which may constitute a lien on the Real Property) (collectively the "Buyer's Objections"). Any exceptions in the Report which Buyer accepts shall be permitted exceptions (the "Permitted Exceptions").
- 6.1.3 If Buyer's Objections are made within the time specified, Seller shall attempt, to the extent commercially reasonable, to cure Buyer's Objections within ninety (90) days of receipt of same. If Seller is unable to cure Buyer's Objections within such ninety-day period, Buyer shall either waive, in writing, the curing of such Buyer's Objections or Buyer shall cancel this Agreement, whereupon the Earnest Deposit plus Interest shall be payable immediately by Escrow Agent to Buyer and, except as otherwise provided in this Agreement, neither Seller nor Buyer shall have any further liability or obligation under this Agreement. If Buyer does not provide the written waiver of Buyer's Objections within ten (10) days following the end of the ninety-day period, Buyer shall be deemed to have elected to cancel this Agreement, whereupon the Earnest Deposit plus interest shall be payable immediately by Escrow Agent to Buyer.



7. BUYER'S DUE DILIGENCE.

- 7.1 Access to the Real Property. Seller shall permit Buyer access to the Real Property at any commercially reasonable time or times, provided Buyer shall give Seller at least 24 hours prior telephonic notice prior to entry upon the Real Property, to conduct Buyer's due diligence investigation. Neither Buyer nor its agents or consultants shall disrupt or interfere with the operations of the Seller's Business during such investigation.
- 7.2 Buyer's Restoration of the Real Property. Buyer, at Buyer's sole cost on or before the earlier of (a) Seller's request, or (b) termination of this Agreement, shall promptly repair and restore any damage to the Real Property or the Improvements caused by any entry, testing and/or inspection of, on or upon the Real Property or the Improvements by Buyer or Buyer's representatives ("Buyer's Restoration Obligation").
- 7.3 Buyer's Indemnity. To the fullest extent permitted by law, Buyer shall and does hereby agree to indemnify, defend and hold Seller harmless against any loss, damage or claim for personal injury or property damage arising from any acts or omissions on the part of Buyer or any agents, contractors or employees of Buyer in connection with Buyer's due diligence investigation (the "Buyer's Indemnity Obligations" and, together with Buyer's Restoration Obligation, the "Buyer's Restoration and Indemnity Obligations"). The Buyer's Restoration and Indemnity Obligations shall survive any termination of this Agreement or the Close of Escrow, as applicable, for a period of twelve (12) months after which Buyer's Restoration and Indemnity Obligations shall automatically terminate unless prior to the end of such twelve-month period, Seller shall have commenced an action against Buyer exclusively in the Yuma County, Arizona, Superior Court (the "Court") to enforce Buyer's obligations under this Section 7.

8. CONDITIONS PRECEDENT.

- 8.1 Buyer's Conditions Precedent. Buyer's obligation to perform under this Agreement is expressly subject to the satisfaction (or waiver) at or prior to Close of Escrow of the following:
- 8.1.1 The representations and warranties of Seller contained in Section 10+ of this Agreement shall be true and correct in all material respects as of the Effective Date and shall be true and correct in all material respects as of Close of Escrow.
- 8.1.2 Seller shall have performed in all material respects its obligations under this Agreement required to be performed by it at or prior to Close of Escrow pursuant to the terms hereof.
- 8.1.3 Buyer's Council (the "Council") shall have approved this Agreement.

8.1.4 Buyer has received commercially acceptable financing for the transaction. The Parties understand that the Buyer's purchase of the assets is contingent upon the Buyer's receipt of grant funding.

8.1.5 Buyer's review and approval of all schedules, which approval is subject to the sole discretion of Buyer.

8.2 Seller's Conditions Precedent. Seller's obligation to perform under this Agreement is expressly subject to the satisfaction (or waiver) at or prior to Close of Escrow of the following:

8.2.1 The representations and warranties of Buyer contained in Section 112 of this Agreement shall be true and correct in all material respects as of the Effective Date and shall be true and correct in all material respects as of Close of Escrow as if made at and as of such time, except for (i) changes permitted or contemplated hereby; and (ii) representations and warranties which are as of a specific date, in which event they shall be true and correct as of such date.

8.2.2 Buyer shall have performed in all material respects its obligations under this Agreement required to be performed by it at or prior to Close of Escrow pursuant to the terms hereof.

8.2.3 The Commission shall have entered the Commission Order.

8.2.4 Seller's review and approval of all schedules, which approval is subject to the sole discretion of Seller.

9. PRE-CLOSING COVENANTS OF THE PARTIES.

9.1 Commission Approval.

9.1.1 Within twenty (20) days after Opening of Escrow, Seller shall file with the Commission an application (the "Application") requesting the permanent cancellation and extinguishment of its CC&N and transfer of the Purchased Assets to Buyer subject to the consummation of the Purchase Transaction.

9.1.2 Seller shall be responsible for preparing, filing and prosecuting the Application. Buyer agrees to support the Application filed by Seller and shall expeditiously provide information reasonably requested by Seller in prosecuting the Application, including letters of support, written testimony, responses to data requests and other discovery, and attending meetings, public comment sessions, procedural conferences, hearings and open meetings.

9.1.3 In the event the Commission denies the Application, the Parties shall work cooperatively to remedy, to the extent commercially reasonable, the circumstance or circumstances which caused the Commission to deny the Application. If after reasonable effort from Buyer and Seller, cure and/or remedy of circumstances is not feasible possible or practical, the Earnest Money and Interest shall be paid to Buyer and this Agreement shall be terminated and neither Seller nor Buyer shall have any further obligations under this Agreement except that any indemnity obligation shall survive such termination.

9.1.4 Upon Commission approval of the Application and Close of Escrow, Buyer shall assume the sole right, duty and obligation to provide water service within the Certificated Area and shall take all necessary and appropriate actions relating to such water utility service.

9.2 Further Assurances. Subject to the terms and conditions of this Agreement, each Party will use commercially reasonable efforts to (i) take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws to consummate the Purchase Transaction as soon as practicable after the Opening of Escrow, (ii) obtain and maintain all approvals required to be obtained from any third party and/or any governmental agency (other than the City) that are necessary to consummate the Purchase Transaction and (iii) obtain and maintain all financing necessary to consummate the Purchase Transaction.

9.3 Covenant to Satisfy Conditions. Seller will use its commercially reasonable efforts to ensure that the conditions set forth in Section 9 of this Agreement are satisfied, insofar as such matters are within the control of Seller. Buyer will use its commercially reasonable efforts to ensure that the conditions set forth in Section 9 of this Agreement are satisfied, insofar as such matters are within the control of Buyer.

10. SELLER'S REPRESENTATIONS AND WARRANTIES. Subject to the terms, conditions and limitations set forth in this Agreement, Seller hereby represents and warrants to Buyer as follows:

- 10.1 The Seller has all the requisite power and capacity to enter into this Agreement.
- 10.2 The Seller is duly organized, validly existing, and in good standing under the laws of the State of Arizona.
- 10.3 This Agreement has been duly executed and delivered by the Seller and constitutes a legally binding and enforceable obligation of the Seller enforceable against the Seller in accordance with its terms.

- 10.4 To Seller's knowledge, there are no unrecorded leases, which may affect title to the Real Property.
- 10.5 To Seller's knowledge, Seller has not received any notice of violation with regard to any applicable regulation, ordinance, requirement, covenant, condition or restriction relating to the present use or occupancy of the Real Property or the Improvements from any Governmental Agency.
- 10.6 To Seller's knowledge, there are and have been no violations by Seller of any environmental, health or safety laws which could reasonably be expected to have a material adverse effect on the Business following the Closing, and, to Seller's knowledge, no violations of any such laws have been committed on the Real Property. Seller, to its knowledge, has not received any notice of any violation with regard to any such applicable laws that remains unresolved as of the Effective Date.
- 10.7 No legal action or proceeding has been undertaken or, to Seller's knowledge, threatened with respect to or in any manner affecting the Real Property or Improvements.
- 10.8 This Agreement and its consummation will not conflict with or result in a breach of any agreement, judgment, order or government permit, nor will it result in the creation of a lien, or require consent of a third party or Governmental Agency, except as expressly set forth elsewhere in the Agreement.
- 10.9 Subject only to the Commission's approval of the Application and entry of the Commission Order, Seller has full power and authority to execute, deliver and perform under this Agreement as well as the Transfer Documents.
- 10.10 The financial statements have been prepared in accordance with the requirements of the Commission, are available for review at the Commission and fairly present the financial position of the Seller and the results of operations as of the respective dates thereof; other than as disclosed in the financial statements, there are no undisclosed liabilities of any nature associated with the Purchased Assets as of the Closing Date, excepts as set forth on Schedule 2.4.
- 10.11 Personal property taxes that have become due with respect to the Purchased Assets have been paid or will be so paid by Seller prior to Close of Escrow.

11. BUYER'S REPRESENTATIONS AND WARRANTIES. Subject to the terms, conditions and limitations set forth in this Agreement, Buyer hereby represents and warrants to Seller as follows:

- 11.1 Buyer has full power and authority to execute, deliver and perform Buyer's obligations under this Agreement as well as the Transfer Documents.

11.2 There are no actions or proceedings pending or to Buyer's knowledge, after due inquiry, threatened against Buyer which may in any manner whatsoever affect the validity or enforceability of this Agreement or any of the Transfer Documents.

11.3 This Agreement and the transaction contemplated hereby are being entered into in lieu of Buyer's potential condemnation of the Business and the Purchased Assets pursuant to Buyer's power of eminent domain.

11.4 The execution, delivery and performance of this Agreement and the Transfer Documents have not and will not constitute a breach or default under any other agreement, law or court order under which Buyer is a party or may be bound.

12. PRE-CLOSING COVENANTS OF THE PARTIES.

12.1 Except in the ordinary course of Seller's Business prior to Close of Escrow or any earlier termination of this Agreement, Seller will not enter into or execute any employment, management or service contract with respect to the Seller's Business which will survive Close of Escrow without Buyer's prior written consent which consent shall not be unreasonably withheld or delayed. Any such contract so entered by Seller with Buyer's consent shall provide that such contract can be terminated by Seller or Seller's successor, at any time without penalty, upon not more than thirty (30) days' prior written notice to the other party thereto. When any such contracts are fully executed, Seller shall contemporaneously deliver a copy thereof to Buyer.

12.2 All bills or other charges, costs or expenses arising out of or in connection with or resulting from Seller's use, ownership, or operation of the Business on or before Close of Escrow shall be paid in full by Seller by no later than thirty (30) days after Close of Escrow. Seller's obligations under this paragraph shall survive Close of Escrow.

12.3 Seller agrees that, between the Effective Date and Close of Escrow or any earlier termination of this Agreement, Seller, at Seller's sole cost, shall:

12.3.1 continue to operate and maintain the Seller's Business as heretofore operated by Seller;

12.3.2 maintain the Real Property and the Improvements in their current condition in accordance with historical operating practices;

12.3.3 pay, in the normal course of business, all sums due for work, materials or services furnished or otherwise incurred in the ownership, use or operation of the Purchased Assets, but in no event will the failure to pay prior to Close of Escrow relieve Seller of its obligation to deliver the Purchased Assets to Buyer free of mechanics', material suppliers' and similar liens for work, materials or services furnished with respect to the Purchased Assets prior to Close of Escrow;

12.3.4 comply, in all material respects, with all legal requirements applicable to Seller's Business;

12.3.5 except as required by a governmental agency or in connection with the termination of Seller's Business: (i) not place or permit to be placed on any portion of the Real Property any new improvements of any kind; or (ii) remove or permit any Improvements to be removed from the Real Property without the prior written consent of Buyer;

12.3.6 except as required by a Governmental Agency, not restrict, rezone, file or modify any development plan or zoning plan or establish or participate in the establishment of any improvement district with respect to all or any portion of the Real Property without Buyer's prior written consent, which consent may be withheld at Buyer's sole discretion; and,

12.3.7 Seller shall not, by voluntary or intentional act or omission to act, further cause or create any easement, encumbrance, or mechanic's or materialmen's liens, and/or similar liens or encumbrances to arise or to be imposed upon the Purchased Assets or any portion thereof, that will affect title thereto subsequent to Close of Escrow without Buyer's prior written consent, which consent may be withheld at Buyer's sole discretion.

12.4 Should Seller receive notice or knowledge of any material information regarding any of the matters set forth in Section 104 or this Section 123 after the Effective Date and prior to Close of Escrow, Seller will promptly notify Buyer of the same in writing.

12.5 Should Buyer receive notice or knowledge of any material information regarding any of the matters set forth in Section 104 (as a result of its due diligence investigation), Section 112 or this Section 123 after the Effective Date and prior to Close of Escrow, Buyer will promptly notify Seller of the same in writing.

13. SELLER'S KNOWLEDGE. As used herein, "Seller's knowledge", "knowledge of Seller" or words of similar intent or effect mean the extent of the actual and current knowledge as of the Effective Date of Kathleen Day, this includes matters which should have been known or matters which may be within the knowledge of the current operator(s) of the system which are generally reported to Kathleen Day as part of the ordinary course of business. Any provision of this Agreement to the contrary notwithstanding, Kathleen Day shall not have any personal liability in regard to the representations and warranties in this Agreement.

14. SURVIVAL PERIOD. All representations made in this Agreement by either Party shall survive the execution and delivery of this Agreement and the cancellation of this Agreement or Close of Escrow for a period of twelve (12) months after which each Party's warranties and related indemnity obligations shall automatically terminate unless prior to the end of the twelve-

month period, either Party shall have brought suit against the other (only in the Court) to enforce the other's warranties.

15. POST-CLOSING MAINTENANCE OF AND ACCESS TO INFORMATION. Seller and Buyer acknowledge that after Close of Escrow, Seller or Buyer may need access to information or documents in the control or possession of the other Party for the purposes of concluding the Purchase Transaction, tax returns or audits, compliance with the government reimbursement programs and other laws and regulations, and the prosecution or defense of third party claims. Accordingly, Seller and Buyer shall keep, preserve and maintain in the ordinary course of business, and as required by law and relevant insurance carriers, all books, records, documents and other information in the possession or control of such Party and relevant to the foregoing purposes for a period of five (5) years from Close of Escrow or such longer period of time as may be required by any Legal Requirement.

16. BROKER'S COMMISSION. The Parties represent and warrant to one another that they have not dealt with any finder, broker or realtor in connection with this Agreement. If any person shall assert a claim to a finder's fee or brokerage commission on account of alleged employment as a finder or broker in connection with the Purchase Transaction, the Party under whom the finder or broker is claiming shall to the fullest extent permitted by law indemnify and hold the other Party harmless from and against any such claim and all costs, expenses and liabilities incurred in connection with such claim or any action or proceeding brought on such claim, including, but not limited to, counsel and witness fees and court costs in defending against such claims. The provisions of this Section 16 shall survive Close of Escrow or the earlier termination of this Agreement.

17. ASSIGNMENT.

17.1 Buyer's Assignment. Buyer shall not have the right or authority to assign this Agreement or any of Buyer's rights under this Agreement to any person, partnership, corporation or other entity without the prior written consent of Seller, which consent shall be in Seller's sole discretion. In the event Seller consents to such an assignment, the consent shall be conditioned upon the assignee's assumption, in writing, of Buyer's duties and obligations under this Agreement by delivering to Seller and Escrow Agent duplicate originals of an assumption agreement in form and substance acceptable to Seller, in Seller's reasonable discretion.

17.2 Seller's Assignment. Seller may not assign any or all of Seller's rights or obligations under this Agreement without the prior written consent of Buyer which consent shall be in Buyer's sole discretion.

18. RISK OF LOSS.

18.1 Definition of "Major" Loss or Damage. For purposes of this Agreement, "major" loss or damage means: (a) loss or damage to the Purchased Assets, or any portion thereof, such that the cost of repairing or restoring the premises in question to a condition substantially identical to that of the premises in question prior to the

event of damage would be, in the opinion of an appraiser selected by Buyer and reasonably approved by Seller, equal to or greater than fifty thousand dollars (\$50,000.00); (b) any loss due to a condemnation which permanently and materially impairs the current ability to use the Purchased Assets

18.2 Minor Damage. In the event of loss or damage to the Purchased Assets or any portion thereof which is not "major" (as hereinafter defined) and which occurs after the Effective Date, this Agreement shall remain in full force and effect provided Seller assigns to Buyer at Close of Escrow all of Seller's right, title and interest to any claims and proceeds Seller may have with respect to any applicable casualty insurance policies. Seller shall maintain the insurance coverages and amounts in effect at the Effective Date through Close of Escrow. Upon Close of Escrow, full risk of loss with respect to the Purchased Assets shall pass to Buyer.

18.3 Major Damage. In the event of loss or damage to the Purchased Assets or any portion thereof which is "major", Buyer may terminate this Agreement by written notice to Seller and Escrow Agent, in which event the Earnest Deposit and Interest shall be returned to Buyer as provided in Section 4.1.1. If Buyer fails to elect to terminate this Agreement within thirty (30) days after Buyer receives written notice from Seller of the occurrence of a loss or damage to the Purchased Assets which is major, which notice shall specify whether or not insurance proceeds are available to pay for the costs of restoration, then Buyer shall be deemed to have elected to affirm this Agreement. The Purchase Price shall be reduced by an amount equal to the deductible amount under Seller's insurance policy. Seller's right and obligation to assign such claim hereunder shall be without regard to the adequacy of insurance proceeds. Upon Close of Escrow, full risk of loss with respect to the Purchased Assets shall pass to Buyer. Seller, at no cost to Seller, shall reasonably cooperate with Buyer respecting such insurance proceeds, in the manner set forth in Section 19.1.

## 19. EVENTS OF DEFAULT.

19.1 Buyer's Event of Default. Buyer shall be in default under this Agreement if any of the following events shall occur:

19.1.1 Buyer shall fail to fully and timely perform any of Buyer's obligations under this Agreement and such failure shall continue past 5:00 p.m. local time on the 30th day after Buyer's receipt of written notice from Seller specifying Buyer's non-compliance (or such longer period as is reasonably necessary to cure such non-compliance);

19.1.2 if any material representation or warranty made by Buyer in this Agreement shall be false or misleading in any material respect;



19.1.3 if Buyer shall: (i) voluntarily be adjudicated as bankrupt or insolvent; (ii) seek, consent to or not contest the appointment of a receiver or trustee for itself or for all or any part of its property; (iii) file a petition seeking relief under the bankruptcy, arrangement, reorganization of other debtor relief laws of the United States, any state or any other competent jurisdiction; or, (iv) make a general assignment for the benefit of its creditors; or,

19.1.4 if a court of competent jurisdiction enters an order, judgment or decree appointing, without the consent of Buyer, a receiver or trustee for Buyer, or for all or any part of Buyer's property.

19.2 Seller's Event of Default. Seller shall be in default under this Agreement if any of the following events shall occur:

19.2.1 Seller shall fail to fully and timely perform any of Seller's obligations under this Agreement and such failure shall continue past 5:00 p.m. local time on the 30th day after Seller's receipt of written notice from Buyer specifying Seller's non-compliance (or such longer period as is reasonably necessary to cure such non-compliance);

19.2.2 if any material representation or warranty made by Seller in this Agreement shall be false or misleading in any material respect;

19.2.3 if Seller shall: (i) voluntarily be adjudicated as bankrupt or insolvent; (ii) seek, consent to or not contest the appointment of a receiver or trustee for itself or for all or any part of its property; (iii) file a petition seeking relief under the bankruptcy, arrangement, reorganization of other debtor relief laws of the United States, any state or any other competent jurisdiction; or, (iv) make a general assignment for the benefit of its creditors; or,

19.2.4 if a court of competent jurisdiction enters an order, judgment or decree appointing, without the consent of Seller, a receiver or trustee for Seller, or for all or any part of Seller's property.

20. REMEDIES.

20.1 Seller's Breach. If a Seller Event of Default shall exist, Buyer, at Buyer's sole option, may either: (i) by written notice to Seller and Escrow Agent cancel this Agreement, obtain a refund of the Earnest Deposit and Interest in accordance with Section 4.1.1 and, except as otherwise provided in this Agreement, neither the Seller nor the Buyer shall have any further liability or obligation hereunder, provided, however, that if Seller fails to fully and timely perform Seller's obligations pursuant to Section 157 hereof, Buyer shall also be entitled to seek and enforce all legal and equitable remedies against Seller in regard thereto; or, (ii) bring suit for specific performance of this Agreement to compel transfer of the

Purchased Assets to Buyer. Except as provided in this Section 204.1, Buyer hereby waives any right to seek any legal or equitable remedies against Seller in connection with this Agreement. Buyer waives any right to claim any punitive, incidental or consequential damages from Seller.

- 20.2 Buyer's Breach. If a Buyer Event of Default shall exist, Seller, at Seller's sole option, may either: (i) by written notice to Buyer and Escrow Agent cancel this Agreement and obtain or retain, as applicable, the Earnest Deposit and Interest in accordance with Section 4.1.2 as Seller's agreed and total liquidated damages provided, however, that if Buyer fails to fully and timely perform Buyer's obligations pursuant to Section 7.3 or 157 hereof, Seller also shall be entitled to seek and enforce all legal and equitable remedies against Buyer in regard thereto; or (ii) bring suit for specific performance of this Agreement by Buyer. Except as provided in this Section 204.2 and in Section 4.1.2, Seller hereby waives any right to seek any equitable or legal remedies against Buyer in connection with this Agreement. Seller waives any right to claim any punitive, incidental or consequential damages from Buyer.

21. ATTORNEYS' FEES. Subject to the limitations set forth in this Agreement regarding litigation and remedies, if there is any litigation to enforce any provisions or rights arising herein, the unsuccessful Party in such litigation, as determined by the Court shall pay the successful Party, as determined by the Court, all costs and expenses, including, but not limited to, reasonable attorneys' fees incurred by the successful Party, such fees to be determined by the Court.

22. NOTICES.

- 22.1 Addresses. Except as otherwise required by law, any notice required or permitted hereunder shall be in writing and shall be given by personal delivery, or by deposit in the United States mail, certified or registered, return receipt requested, postage prepaid, addressed to the Parties at the addresses set forth below, or at such other address as a Party may designate in writing pursuant hereto, or tested telex, or telegram, or telecopies, or any express or overnight delivery service (e.g. Federal Express), delivery charges prepaid:

if to Seller: Kathleen Day  
15251 S. Avenue 3 E  
Yuma, AZ 85365  
(928) 726-8272

with a copy to: Moyes Sellers & Hendricks  
Attn: Steve Wene  
1850 N. Central Ave. Ste. 1100  
Phoenix, AZ 85004  
Telephone No.: (602) 604-2189  
Facsimile No.: (602) 274-9135

if to Buyer:

with a copy to:

Sims Murray Ltd.  
Attn: William J. Sims, III  
2020 N Central Ave., Suite 670  
Phoenix, AZ 85004  
Telephone No.: 602-772-5500  
Facsimile No.: 602-772-5509

if to Escrow Agent: Citizens Title and Trust  
1540 S. 2<sup>nd</sup> Ave  
Yuma, AZ 85364  
Attn: Lisa Slade  
Telephone No.: (928) 783-1261  
Facsimile No.: (928) 259-5310

22.2 Effective Date of Notices. Notice shall be deemed to have been given on the date on which notice is delivered, if notice is given by personal delivery or facsimile and on the date of deposit in the mail, if mailed or deposited with the overnight carrier, if used. Notice shall be deemed to have been received on the date on which the notice is received, if notice is given by personal delivery, overnight courier or facsimile and on the 5th day following deposit in the mail, if notice is mailed. Following Opening of Escrow, a copy of any notice given to a Party shall also be given to Escrow Agent by regular mail or by any other method provided for herein. Notice given by facsimile shall also be given by one of the other methods provided herein.

23. CLOSING COSTS AND PRORATIONS. Buyer agrees to pay all closing costs as provided in this Agreement. Except as provided in this Agreement, Seller and Buyer shall each bear their own costs in regard to the Purchase Transaction.

24. ESCROW CANCELLATION CHARGES. If escrow fails to close because of a Seller's Event of Default, Seller shall be liable for any cancellation charges of Escrow Agent charges. If escrow fails to close because of a Buyer's Event of Default, Buyer shall be liable for any cancellation charges of Escrow Agent. If escrow fails to close for any other reason, Seller and Buyer shall each be liable for one-half of any cancellation charges of Escrow Agent.

25. APPROVALS. Concerning all matters in this Agreement requiring the consent or approval of any Party or as a condition precedent to action by any of the Parties, the Parties agree that any such consent to each approval shall not be unreasonably withheld unless otherwise provided in this Agreement.

26. ADDITIONAL ACTS. The Parties agree to execute promptly such other documents and to perform such other acts as may be reasonably necessary to carry out the purpose and intent of this Agreement.

27. GOVERNING LAW; JURISDICTION; VENUE. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Arizona. In regard to any litigation which may arise in regard to this Agreement, Seller and Buyer shall and do hereby submit exclusively to the jurisdiction of and Seller and Buyer hereby agree that the proper venue shall be exclusively in the Yuma County Superior Court for the State of Arizona as to permitted litigation.

28. BINDING AGREEMENT. This Agreement constitutes the binding agreement between Seller and Buyer for the sale and purchase of the Purchased Assets subject to the terms set forth in this Agreement. Subject to the limitations on assignment set forth in this Agreement, this Agreement shall bind and inure to the benefit of the Parties and their respective successors and assigns. This Agreement supersedes all other written or verbal agreements between the Parties concerning the Purchase Transaction. No claim of waiver or modification concerning any provision of this Agreement shall be made against a Party unless based upon a written instrument signed by the Parties.

29. CONSTRUCTION. The terms and provisions of this Agreement represent the results of negotiations among the Parties, each of which has been or has had the opportunity to be represented by counsel of its own choosing, and neither of which has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and the Parties each hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of this Agreement that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney prepared the executed Agreement or any earlier draft of the same.

30. TIME OF ESSENCE. Time is of the essence of this Agreement. However, if this Agreement requires any act to be done or action to be taken on a date which is a Saturday, Sunday or legal holiday in the State of Arizona, such act or action shall be deemed to have been validly done or taken if done or taken on the next succeeding day which is not a Saturday, Sunday or legal holiday in the State of Arizona.

31. INTERPRETATION. If there is any specific and direct conflict between, or any ambiguity resulting from, the terms and provisions of this Agreement and the terms and provisions of any document, instrument or other agreement executed in connection herewith or in furtherance hereof, including any Exhibits hereto, the same shall be consistently interpreted in such manner as to give effect to the general purposes and intention as expressed in this Agreement which shall be deemed to prevail and control.

32. HEADINGS AND COUNTERPARTS. The headings of this Agreement are for reference only and shall not limit or define the meaning of any provision of this Agreement.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

33. INCORPORATION BY REFERENCE. All Exhibits to this Agreement are fully incorporated herein as though set forth at length herein.

34. SEVERABILITY. If any provision of this Agreement is determined by the Court to be unenforceable, the remaining provisions shall nevertheless be kept in effect.

35. NO PARTNERSHIP OR OTHER LIABILITY. Any and all provisions, implications, or interpretations of or from this Agreement to the contrary notwithstanding, no partnership, joint venture or other relationship is created, implied or acknowledged between or among the Parties.

36. GENERAL PROVISIONS REGARDING ESCROW AGENT.

36.1 Calculation of Prorations. Escrow Agent will make all adjustments and/or prorations on the basis of the actual number of days in a month, and by credit and/or debit to the respective accounts of Seller and Buyer in the Escrow.

36.2 Close of Escrow. For purposes of the instructions to Escrow Agent and all other purposes hereunder, the expression "Close of Escrow" shall mean the date the Deed is recorded.

36.3 Disbursements. Escrow Agent shall: (i) make disbursements by wire transfer of federal funds; (ii) mail instruments to the addresses set forth in Section 22, unless Escrow Agent is instructed otherwise; and, (iii) wire funds to Seller by wire transfer as directed by Seller.

36.4 Amendments to Instructions. No change of instructions shall be of any effect on the Escrow unless given in writing by Seller and Buyer. In the event conflicting demands are made or notices served upon Escrow Agent with respect to the Escrow, the Parties hereto expressly agree that Escrow Agent shall have the absolute right at Escrow Agent's election to do either or both of the following: (i) withhold and stop all further proceedings in, and performance of, the Escrow; or (ii) file a suit in interpleader and obtain an order from the Court requiring the Parties to interplead and litigate in such Court their several claims and rights among themselves. In the event such interpleader suit is brought, Escrow Agent shall ipso facto be fully released and discharged from all obligations to further perform any and all duties or obligations imposed upon Escrow Agent in the Escrow, and the Parties jointly and severally agree to pay all reasonable costs, expenses, and reasonable attorneys' fees expended or incurred by Escrow Agent, the amount thereof to be fixed and a judgment therefor entered by the Court in such suit.

36.5 Release of Escrow Agent. Except for Escrow Agent's negligence, fraud or breach of contract, Escrow Agent shall not be held liable for the identity, authority or rights of any person executing any document deposited in the Escrow, or for Seller or Buyer's failure to comply with any of the provisions of any agreement,

contract or other instrument deposited in the Escrow and Escrow Agent's duties hereunder shall be limited to the safekeeping of such money, instruments, or other documents received by Escrow Agent as escrow holder, and for the disposition of same in accordance with the written instructions accepted by Escrow Agent in the Escrow.

36.6 Escrow Transaction. It is agreed by the Parties that so far as Escrow Agent's rights and liabilities are concerned, this transaction is an escrow and not any other legal relation.

37. CONFLICT OF INTEREST. This Agreement shall be subject to the Conflict of Interest provisions of A.R.S. § 38-511, as amended.

38. ARBITRATION. In the event of any dispute arising between the parties involving this Agreement or any matter relating to the corporation, the parties agree to binding arbitration, to be conducted pursuant to the Rules of Arbitration utilized in Yuma County, Arizona Superior Court. Arbitration shall include reasonable attorney fees and costs to the prevailing party.

39. COUNTERPARTS. This Agreement may be executed in counterparts.

*(signature pages follow)*

IN WITNESS WHEREOF, the Parties have executed this Asset Purchase Agreement and Escrow Instructions as of the Effective Date.

SELLER:

ORANGE GROVE WATER COMPANY, INC., an  
Arizona corporation

By: Kathleen Day  
Its: PRES.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

BUYER:

CITY OF SOMERTON, a political subdivision of  
the State of Arizona

By: Mark Boden

ATTEST:

Bill Fee  
District Clerk

APPROVED AS TO FORM:

William J. Sims  
William J. Sims  
Legal Counsel for the City of Somerton

Escrow No. \_\_\_\_\_

## BILL OF SALE

THIS BILL OF SALE is made as of \_\_\_\_\_, by Orange Grove Water Company, Inc., an Arizona corporation ("Seller"), in favor of the City of Somerton, a political subdivision of the State of Arizona ("Buyer").

### RECITALS

A. Pursuant to an Asset Purchase Agreement and Escrow Instructions dated as of \_\_\_\_\_ (the "Purchase Agreement") by and between Seller and Buyer, Seller has agreed to sell and assign to Buyer certain of the assets of Seller solely relating to the Business (as that capitalized term is defined in the Purchase Agreement), and Buyer has agreed to purchase such assets from Seller and to assume all liabilities of Seller related thereto.

B. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby sell, convey, assign, transfer and deliver unto Buyer, its successors and assigns, all of Seller's right, title and interest in and to all of the personal property described on Exhibit A ("Personal Property") Purchased Assets,

TO HAVE AND TO HOLD unto Buyer, its successors and assigns, for its use and benefit forever.

Seller represents and warrants that the Personal Property is delivered free and clear of any liens, claims or other encumbrances.

This Bill of Sale is subject to the terms and conditions (including the representations and warranties) contained in the Purchase Agreement, and shall be governed by, and construed and enforced in accordance with, the laws of the State of Arizona, without regard to its conflicts of laws principles.

IN WITNESS WHEREOF, Seller has executed and delivered this Bill of Sale on the date first above written.

By: Kathleen Day  
Name: BATHLEEN DAY  
Its: PRES.



**EXHIBIT A**

**PERSONAL PROPERTY BEING TRANSFERRED**

[TO BE INSERTED AT COE]

Escrow No. \_\_\_\_\_

## ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is made and entered into as of \_\_\_\_\_, by and between Orange Grove Water Company, Inc., an Arizona corporation ("Assignor"), and the City of Somerton, a political subdivision of the State of Arizona ("Assignee").

### RECITALS

A. Pursuant to an Asset Purchase Agreement and Escrow Instructions dated as of \_\_\_\_\_ (the "Purchase Agreement") by and between Assignor and Assignee, Assignor has agreed to sell and assign to Assignee certain of the assets of Assignor solely relating to the Business (as that capitalized term is defined in the Purchase Agreement), and Assignee has agreed to purchase such assets from Assignor and to assume all liabilities of Assignor related thereto.

B. In connection with the sale of the assets to Assignee in accordance with the Purchase Agreement, Assignor desires to assign to Assignee, and Assignee desires to assume from Assignor (without recourse, except as provided in the Purchase Agreement), and agrees to pay, discharge or perform, as appropriate, all of Assignor's duties, obligations and liabilities that accrue on and after Close of Escrow, unless otherwise set forth, with respect to the Business, the Assigned Contracts, and the normal operating liabilities, to the extent those liabilities arise after Close of Escrow (collectively, the "Assumed Liabilities").

C. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth herein and in the Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignment. As of the date hereof, Assignor hereby assigns to Assignee, its successors and assigns, all of Assignor's right, title and interest in, to and under the Assumed Liabilities. This Assignment is subject to all of the terms and conditions (including without limitation, the representations and warranties) contained in the Purchase Agreement.

2. Assumption. Assignee hereby accepts the foregoing assignment and assumes the obligations, liabilities and duties of Assignor under the Assumed Liabilities.

3. Binding Effect. This Assignment shall inure to the benefit of, and be binding upon, the successors, executors, administrators, legal representatives and assigns of Assignor and Assignee.

4. Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

5. Governing Law. This Assignment shall be governed by, and construed and enforced in accordance with, the laws of the State of Arizona, without regard to its conflicts of laws principles.

6. Notices. Notices pursuant to this Assignment shall be given in the manner provided in the Purchase Agreement.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment and Assumption Agreement on the date first above written.

**ASSIGNOR:**

ORANGE GROVE WATER COMPANY, INC., an  
Arizona corporation

By: Kathleen Day

Name: KATHLEEN DAY

Its: PRES.

**ASSIGNEE:**

CITY OF SOMERTON, a political subdivision of  
the State of Arizona

By: Martin Porchas

Name: Martin Porchas

Its: Mayor

**LIST OF SERVICE CONTRACTS**

[TO BE INSERTED BY BUYER AT COE]

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When recorded, return to:

Attn: \_\_\_\_\_

Escrow No.: \_\_\_\_\_

**SPECIAL WARRANTY DEED**

For valuable consideration, the receipt of which is acknowledged, Orange Grove Water Company, Inc., an Arizona corporation, ("Grantor"), conveys to the City of Somerton, a political subdivision of the State of Arizona ("Grantee"), all right, title and interest in and to the real property located in Yuma County, Arizona and described in Exhibit 1 attached hereto and incorporated herein by this reference ("Purchase Parcel"), together with Grantor's interest in all improvement, buildings, structures and fixtures, if any, located on the Purchase Parcel; all easements, if any, benefiting the Purchase Parcel; all of the Grantor's rights, benefits, privileges and appurtenances pertaining to the Purchase Parcel, including any right, title and interest of Grantor in and to any property lying in or under the bed of any street, alley, road or right-of-way, open or proposed, abutting or adjacent to the Purchase Parcel; all water, water rights, oil, gas or other mineral interest in, on, under or above the Purchase Parcel; and all rights and interest to receive any condemnation awards from any condemnation proceeding pertaining to the Purchase Parcel, and sewer and utility rights appurtenant to the Purchase Parcel.

SUBJECT TO the Permitted Exceptions on Exhibit 2.

And the Grantor hereby binds itself and its successors to warrant and defend the title to the Property as against the acts of Grantor, but no others, subject to the matters above set forth.

Dated to be effective as of \_\_\_\_\_, 20\_\_.

GRANTOR:

Orange Grove Water Company, Inc., an Arizona corporation

By:  
Its:

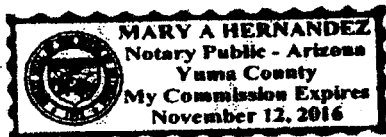
Kathleen Day  
PRES.

STATE OF ARIZONA       )  
  ) ss.  
County of Yuma               )

The foregoing instrument was acknowledged before me this 14 day of July, 2014,  
by Ruthen M. Day, as President of Orange  
Grove Water Company, Inc., an Arizona corporation, on behalf of the company.

Mary A. Hernandez  
Notary Public

My Commission Expires: 11-12-16



ATTACHMENT 1

LEGAL DESCRIPTION OF THE PROPERTY

[TO BE INSERTED AT COE]

000139

Schedule 2.1

Approximately 3,664 feet of 2.5 inch PVC mains

Approximately 4,754 feet of 4 inch PVC mains

Approximately 10,984 feet of 6 inch PVC mains

Approximately 570 feet of 8 inch PVC mains

312 5/8 x 3/4 inch meters

Generator and related structure

Well 55-084965 including 8 inch casing, 20 hp pump and related electric equipment

Well 55-809347 including 6 inch casing, 1/5 hp pump and related electric equipment

10 fire hydrants

A 5,000 gallon pressure tank

Real Property (well site) set forth in attached legal description

Any and all spare parts

All water rights associated with the beneficial use of the water by the Seller

Customer deposits

Customer records

(List to be verified by Seller)

000140



**Schedule 2.3**

The residence located at [ADDRESS AND PARCEL NUMBER]

~~Personal property, including tools, transportation equipment, computers and office equipment~~

**Schedule 2.4**

Assumed Liabilities - None

000121

1411



0000160485

1 Steve Wene, No. 019630  
2 MOYES SELLERS & HENDRICKS LTD.  
3 1850 N. Central Avenue, Suite 1100  
4 Phoenix, Arizona 85004  
5 (602)-604-2189  
6 swene@law-msh.com  
7 Attorneys for Applicant

RECEIVED

2015 MAR 13 P 4:15

AZ CORP COMMISSION  
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

9 SUSAN BITTER SMITH, CHAIRMAN  
10 BOB STUMP  
11 BOB BURNS  
12 DOUG LITTLE  
13 TOM FORESE

ORIGINAL

Arizona Corporation Commission

DOCKETED

MAR 13 2015

DOCKETED BY

W

14 IN THE MATTER OF THE  
15 APPLICATION OF ORANGE GROVE  
16 WATER COMPANY, INC. FOR  
17 APPROVAL OF THE SALE OF ASSETS  
18 AND CANCELLATION OF THE  
19 CERTIFICATE OF CONVENIENCE AND  
20 NECESSITY

Docket Nos. W-02237A-15-0008

RESPONSE TO INSUFFICIENCY  
LETTER

21 The Orange Grove Water Company (Company or Orange Grove) hereby files its  
22 response to the insufficiency letter in this matter.

23 **Preliminary Statement**

24  
25 First and foremost, the application is sufficient. Orange Grove answered every  
26 question on the application form, which corresponds with A.R.S. § 40-285 and A.A.C.  
27 R14-2-402.B. The answers are responsive and comply with the rules. Meanwhile, the  
28 information Staff requested is not on the application form or set forth in the rule. Instead,

1 Staff is seeking documents and information that are outside the four corners of the  
2 application. The Company takes no issue with the information requested. Certainly, all  
3 of the questions posed by Staff are proper discovery requests and the Company will  
4 respond to these inquiries accordingly. However, it is improper to withhold sufficiency  
5 for the purpose of conducting discovery. Therefore, Staff should grant sufficiency  
6 immediately.  
7  
8

9 **Responses to Discover Requests**

10 Notwithstanding the position stated above, Company will address the discovery  
11 requests from Staff below.  
12

13 1. Provide a historic income statement for the most recently completed 12-month  
14 accounting period, and a balance sheet as of December 31, 2014 for Orange Grove.  
15

16 **Response** – A preliminary income statement is set forth in Attachment 1 and a  
17 preliminary balance sheet is set forth in Attachment 2.  
18

19  
20 2. Decision No. 72734, issued January 6, 2012, required Orange Grove to file with  
21 Docket Control, by June 30 of each year until the WIFA Loan is paid off, a report  
22 reconciling all WIFA debt surcharge monies billed and collected, along with copies of the  
23 prior year's monthly bank statements for the WIFA debt surcharge account. Please  
24 provide a copy of the report for the period ending June 30, 2014 and the associated  
25 documentation, which has not yet been filed.  
26

27 **Response** – The data has been submitted. See Attachment 3.  
28

1 3. Does the City of Somerton ("City") plan to provide water to Orange Grove customers  
2 at the current tarified rate of the Company or at some other rate as determined by the  
3 City? How many other water customers does the City have and how long has it been  
4 providing such services?  
5

6 **Response** – Orange Grove understands the City will continue to charge customers the  
7 same rates currently in place. The City serves approximately 3,300 customers and has  
8 provided water service since 1920.  
9

10  
11  
12 4. Does the City currently provide wastewater service? If not, who provides wastewater  
13 service to the Company's customers?

14 **Response** – The City provides wastewater service in other areas, but not within the  
15 Orange Grove service area, where septic tanks are present. The Company understands  
16 that the City is conducting a feasibility study to determine if providing wastewater  
17 service in this area is reasonable.  
18  
19  
20

21 5. Provide a description of the effect that the proposed transaction will have (or may  
22 have) upon any other utility.

23 **Response** – None.  
24  
25

26 6. The Asset Purchase Agreement indicates that the sale is contingent upon the City  
27 obtaining "a financing plan that includes the City's receipt of a grant from the federal  
28

1 government". When does the City expect this grant to be received and is the grant the  
2 sole means of financing the purchase?

3  
4 **Response** – The City has already secured its grant and loan funding.

5  
6 7. Does the City plan to serve all customers and prospective customers within the  
7 certificated area of Orange Grove? Please provide a map illustrating the City's town  
8 limits and the City's planning area as it relates to Orange Grove's CC&N area.

9  
10 **Response** – The Company understands that the City has previously provided this  
11 information to Staff. If this is incorrect, please let us know.  
12

13 DATED March 13, 2015.

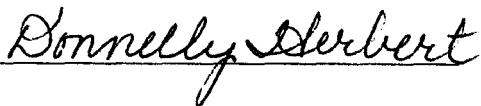
14 **MOYES SELLERS & HENDRICKS LTD.**

15  
16 

17 Steve Wene

18  
19 Original and 13 copies of the foregoing  
20 filed this 13<sup>th</sup> day of March, 2015, with:

21 Docket Control  
22 Arizona Corporation Commission  
23 1200 West Washington  
24 Phoenix, Arizona 85007

25  
26   
27  
28

# **ATTACHMENT 1**

Feb 26, 2015

9:23 am

## ORANGE GROVE WATER CO., INC.

## Income Statement - Preliminary

Page 1

(8)

	1 Month Ended December 31, 2014		12 Months Ended December 31, 2014	
Income				
SALES -	\$9,618.77	100.0%	\$111,396.04	100.0%
TOTAL Income	9,618.77	100.0%	111,396.04	100.0%
NET INCOME	9,618.77	100.0%	111,396.04	100.0%
Expenses				
TED GAFFIN	0.00	0.0%	3,500.00	3.1%
A.P.S.	777.16	8.1%	10,650.99	9.6%
BANK SERV CHRGS.	(7.00)	-0.1%	209.50	0.2%
WESTERN WATER WKS.	155.00	1.6%	2,310.00	2.1%
COMPUTER MAINT.	(187.50)	-1.9%	0.00	0.0%
GASOLINE	224.00	2.3%	985.56	0.9%
INSURANCE-O.G.W.C	571.00	5.9%	6,946.42	6.2%
STATE FUND	0.00	0.0%	726.00	0.7%
WIFA..INT, FEES, DSR	1,648.32	17.1%	1,648.32	1.5%
A.E.A...INT.EXPENSE	326.62	3.4%	326.62	0.3%
AMER. EXPRESS..INT EXPENSE	157.82	1.6%	1,918.07	1.7%
LEGAL EXPENSE	6,660.00	69.2%	6,660.00	6.0%
MAINT & REPAIR - COMPUTER	375.00	3.9%	662.50	0.6%
MAINT & REPAIR-O.G.W.C	468.06	4.9%	5,610.26	5.0%
MAINT & REPAIR-SOMERTON HOUS	0.00	0.0%	150.00	0.1%
MISC. FEES/PENALTIES	0.00	0.0%	516.07	0.5%
OFFICE SUPPLIES	66.31	0.7%	2,079.97	1.9%
OTHER SUPPLIES	(32.32)	-0.3%	0.00	0.0%
MISC EXPENSES	54.24	0.6%	880.49	0.8%
POSTAGE	183.85	1.9%	2,287.17	2.1%
P O BOX RENT	0.00	0.0%	228.00	0.2%
PROPERTY TAXES-OPER PROP	2,639.38	27.4%	2,639.38	2.4%
PROPERTY TAXES-SOMERTON HOUS	0.00	0.0%	458.54	0.4%
SMALL TOOLS	0.00	0.0%	171.46	0.2%
TELEPHONE EXP.	461.66	4.8%	2,281.27	2.0%
TRAVEL, FOOD, LODG.	0.00	0.0%	110.00	0.1%
WATER ANALYSIS	875.00	9.1%	2,533.85	2.3%
WATER METERS	0.00	0.0%	464.68	0.4%
WELLS & EQUIPT.	452.36	4.7%	6,467.35	5.8%
PAYROLL-SALARIED	4,545.56	47.3%	53,525.56	48.0%
EMPLOYERS-P/R TAXES	670.16	7.0%	4,171.28	3.7%
DES - UC 018	(338.14)	-3.5%	0.00	0.0%
VAN REPAIRS & MAINT.	0.00	0.0%	134.62	0.1%
JEEP MAINT.	0.00	0.0%	260.00	0.2%
TOTAL Expenses	20,746.54	215.7%	121,513.93	109.1%
OPERATING PROFIT	(11,127.77)	-115.7%	(10,117.89)	-9.1%

Feb 26, 2015

9:23 am

# ORANGE GROVE WATER CO., INC.

Page 2

## Income Statement

	1 Month Ended December 31, 2014		12 Months Ended December 31, 2014	
Other Income & Expenses				
ESTABLISHMENT FEE	0.00	0.0%	580.00	0.5%
RE-CONNECT CHRG - DELQ.	0.00	0.0%	480.00	0.4%
METER CHECK	0.00	0.0%	25.00	0.0%
TOTAL Other Income & Expenses	0.00	0.0%	1,085.00	1.0%
PROFIT BEFORE TAXES	(11,127.77)	-115.7%	(9,032.89)	-8.1%
NET PROFIT	(\$11,127.77)	-115.7%	(\$9,032.89)	-8.1%



# **ATTACHMENT 2**

Feb 26, 2015

9:24 am

**ORANGE GROVE WATER CO., INC.**

Page 1

**Balance Sheet - Preliminary**

December 2014

**ASSETS****Current Assets:**

CASH IN CHECKING ACCT.	\$447.47
INT BEARING CKG ACCT	264.50
PETTY CASH	300.00
BLDG & OTHER DEPR. ASSETS	214,549.21
ACCUM. DEPRECIATION	(227,660.00)
LAND	3,739.00
SOMERTON HOUSE	30,000.00
COMPUTER EQUIPMENT	12,687.64
COMPUTER SOFTWARE	2,998.37
WATER TANK	14,004.53
95 DODGE VAN	800.00
CHEV. VAN	2,624.25
JEEP	6,534.00
RATE INCREASE	6,213.90
AMORTIZATION OF RATE INC.	(9,264.00)
RATE CASE #2	6,100.00

TOTAL Current Assets

\$64,338.87

TOTAL ASSETS

\$64,338.87

**LIABILITIES****Current Liabilities:**

SALES TAX PAYABLE	\$657.54
ADV IN AID OF CONSTR.	41,752.50
AMORTIZATION-A.I.A OF C	(30,424.50)
AMER. EXPRESS	2,975.81
STOCKHOLDERS LOANS...MISC	3,141.84
FED W/HLD, FICA, MEDICARE	1,211.98
STATE W/HLDG - A-1 QRTL	394.78
STATE UEMPLY (SUTA)	5.00
A.E.A..FCU	3,063.97
MSH - LEGAL EXP	7,800.00

TOTAL Current Liabilities

\$30,578.92

**Long-Term Liabilities:**

WIFA LOAN	27,925.73
-----------	-----------

TOTAL Long-Term Liabilities

27,925.73

TOTAL LIABILITIES

58,504.65

**CAPITAL**

COMMON STOCK	4,070.00
PAID IN CAPITAL	1,934.00

Feb 26, 2015

9:24 am

# ORANGE GROVE WATER CO., INC.

Page 2

## Balance Sheet

December 2014

RETAINED EARNINGS

Year-to-Date Earnings

8,863.11  
(9,032.89)

TOTAL CAPITAL

5,834.22

TOTAL LIABILITIES & CAPITAL

\$64,338.87

# **ATTACHMENT 3**

1 Steve Wene, No. 019630  
2 MOYES SELLERS & HENDRICKS LTD.  
3 1850 N. Central Avenue, Suite 1100  
4 Phoenix, Arizona 85004  
5 (602)-604-2189  
6 [swene@law-msh.com](mailto:swene@law-msh.com)  
7 Attorneys for Orange Grove Water Company

8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9  
10 **COMMISSIONERS**

11 BOB STUMP, CHAIRMAN  
12 GARY PIERCE  
13 BRENDA BURNS  
14 SUSAN BITTER SMITH  
15 BOB BURNS

16  
17 **IN THE MATTER OF ORANGE**  
18 **GROVE WATER COMPANY, INC.'S**  
19 **APPLICATIONS FOR A PERMANENT**  
20 **RATE INCREASE AND A FINANCING**  
21 **APPROVAL**

Docket Nos. W-02237A-11-0180  
W-02237A-11-0084

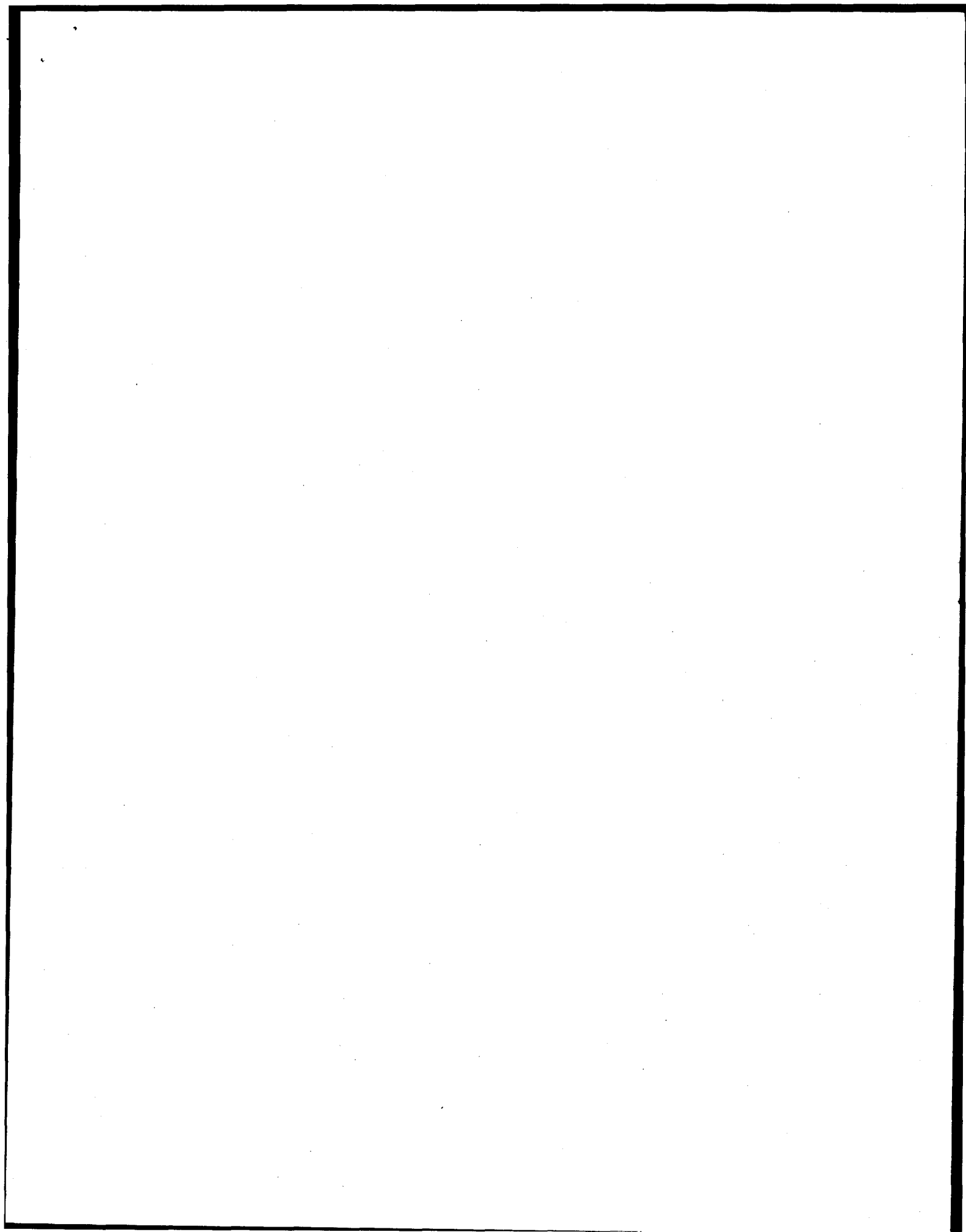
22 **NOTICE OF COMPLIANCE RE**  
23 **WIFA SURCHARGE REPORT**

24 Pursuant to Decision No. 72734, Orange Grove Water Company, Inc.  
25 ("Company") hereby files documentation reporting upon all WIFA debt surcharge  
26 monies billed and collected from June 2, 2013 to December 1, 2014. *See Attachment 1.*

27 *////*

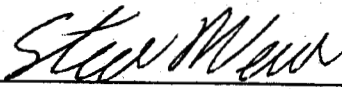
28 *////*

*////*



1 DATED this 12<sup>th</sup> day of March, 2015.

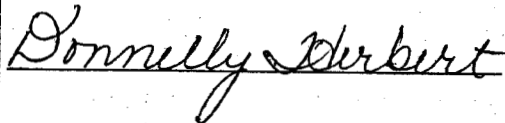
2  
3 MOYES SELLERS & HENDRICKS LTD.

4 

5 Steve Wene  
6 Attorneys for Company

7  
8 Original and 13 copies filed this  
9 12<sup>th</sup> day of March, 2015, with:

10 Docket Control  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

14 

# **ATTACHMENT 1**



ORANGE GROVE WATER CO., INC.  
P.O. Box 889  
Yuma, Az 85366

RECEIVED

FEB 23 2015

Moyes Sellers & Hendricks

WIFA DEBT SURCHARGE MONIES BILLED AND COLLECTED

<u>Billing Date</u>	<u>No. of Cust. Billed</u>	<u>Amount Billed</u>	<u>No. of Payments Rec'd</u>	<u>Amount Rec'd</u>
06/2/13	305	210.45	267	184.23
07/1/13	303	209.07	316	218.04
08/2/13	302	209.76	271	186.99
09/2/13	301	207.69	298	205.62
10/2/13	301	207.69	274	189.06
11/2/13	304	209.76	290	200.10
12/2/13	302	209.76	305	210.45
01/2/14	306	211.83	305	210.45
02/2/14	304	211.83	307	211.83
03/2/14	304	211.14	284	195.96
04/1/14	304	210.45	299	206.31
05/3/14	302	210.45	278	191.82
06/1/14	303	209.76	299	206.31
07/2/14	304	210.45	278	191.82
08/2/14	303	209.76	299	206.31
09/1/14	300	208.38	285	196.65
10/1/14	301	209.07	267	184.23
11/3/14	298	209.07	298	205.62
12/1/14	304	210.45	313	215.97

Bank Statements Attached

ORANGE GROVE WATER CO., INC.

*Kathleen Day*

By: Kathleen Day



017 00001 00  
ACCOUNT:

PAGE: 1  
06/28/2013

*Wifa  
OK  
6-28-13*

ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

FUNDS AVAILABILITY CHANGE EFFECTIVE JULY 21, 2011  
EFFECTIVE JULY 21, 2011, FOR CHECKS DEPOSITED TO YOUR DEMAND DEPOSIT  
ACCOUNT, \$200 OF YOUR DEPOSIT WILL BE AVAILABLE THE NEXT BUSINESS DAY.

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	58.89	LAST STATEMENT 05/31/13	284.49
AVERAGE BALANCE	99.17	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 06/28/13	279.49

----- DEPOSITS -----  
REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT  
06/26 225.60

----- OTHER DEBITS -----  
DESCRIPTION DATE AMOUNT  
State of Az WIFA Loan 920232 13 06/03 225.60  
SERVICE CHARGE 06/28 5.00

----- I N T E R E S T -----  
AVERAGE LEDGER BALANCE: 99.17 INTEREST EARNED: .00  
AVERAGE AVAILABLE BALANCE: 99.17 DAYS IN PERIOD: 28  
INTEREST PAID THIS PERIOD: .00 ANNUAL PERCENTAGE YIELD EARNED: .00%

--- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD ---

TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*

2799 S. 4TH AVENUE • YUMA, ARIZONA 85364 • PHONE: (928) 783-3334



017 00001 00  
ACCOUNT:

PAGE: 1  
07/31/2013

ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

FUNDS AVAILABILITY CHANGE EFFECTIVE JULY 21, 2011  
EFFECTIVE JULY 21, 2011, FOR CHECKS DEPOSITED TO YOUR DEMAND DEPOSIT  
ACCOUNT, \$200 OF YOUR DEPOSIT WILL BE AVAILABLE THE NEXT BUSINESS DAY.

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	53.89	LAST STATEMENT 06/28/13	279.49
AVERAGE BALANCE	108.58	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 07/31/13	274.49

----- DEPOSITS -----  
REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT  
07/26 225.60

----- OTHER DEBITS -----  
DESCRIPTION DATE AMOUNT  
State of Az WIFA Loan 920232 13 07/01 225.60  
SERVICE CHARGE 07/31 5.00

----- I N T E R E S T -----  
AVERAGE LEDGER BALANCE: 108.58 INTEREST EARNED: .00  
AVERAGE AVAILABLE BALANCE: 108.58 DAYS IN PERIOD: 33  
INTEREST PAID THIS PERIOD: .00 ANNUAL PERCENTAGE YIELD EARNED: .00%

--- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD ---

TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*

2799 S. 4TH AVENUE • YUMA, ARIZONA 85364 • PHONE: (928) 783-3334



**BANK YUMA**

017 00001 00  
ACCOUNT:

PAGE: 1  
08/30/2013



ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

FUNDS AVAILABILITY CHANGE EFFECTIVE JULY 21, 2011  
EFFECTIVE JULY 21, 2011, FOR CHECKS DEPOSITED TO YOUR DEMAND DEPOSIT  
ACCOUNT, \$200 OF YOUR DEPOSIT WILL BE AVAILABLE THE NEXT BUSINESS DAY.

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	48.89	LAST STATEMENT 07/31/13	274.49
AVERAGE BALANCE	63.93	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 08/30/13	269.49

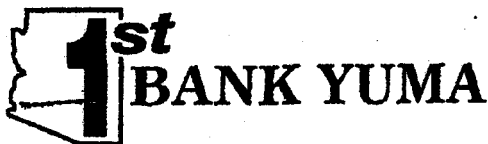
----- DEPOSITS -----  
REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT  
08/29 225.60

----- OTHER DEBITS -----  
DESCRIPTION DATE AMOUNT  
State of Az WIFA Loan 920232 13 08/01 225.60  
SERVICE CHARGE 08/30 5.00

----- INTEREST -----  
AVERAGE LEDGER BALANCE: 63.93 INTEREST EARNED: .00  
AVERAGE AVAILABLE BALANCE: 63.93 DAYS IN PERIOD: 30  
INTEREST PAID THIS PERIOD: .00 ANNUAL PERCENTAGE YIELD EARNED: .00%

--- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD ---  
TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*

2799 S. 4TH AVENUE • YUMA, ARIZONA 85364 • PHONE: (928) 783-3334



017 00001 00  
ACCOUNT:

PAGE: 1  
09/30/2013

ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

FUNDS AVAILABILITY CHANGE EFFECTIVE JULY 21, 2011  
EFFECTIVE JULY 21, 2011, FOR CHECKS DEPOSITED TO YOUR DEMAND DEPOSIT  
ACCOUNT, \$200 OF YOUR DEPOSIT WILL BE AVAILABLE THE NEXT BUSINESS DAY.

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	43.89	LAST STATEMENT 08/30/13	269.49
AVERAGE BALANCE	123.94	2 CREDITS	225.61
		2 DEBITS	230.60
		THIS STATEMENT 09/30/13	264.50

REF #	DATE	AMOUNT	REF #	DATE	AMOUNT	REF #	DATE	AMOUNT
	09/23	225.60						

DESCRIPTION	OTHER CREDITS	DATE	AMOUNT
INTEREST AT .0950 %		09/30	.01

DESCRIPTION	OTHER DEBITS	DATE	AMOUNT
State of Az WIFA Loan 920232 13		09/03	225.60
SERVICE CHARGE		09/30	5.00

INTEREST			
AVERAGE LEDGER BALANCE:	123.94	INTEREST EARNED:	.01
AVERAGE AVAILABLE BALANCE:	123.94	DAYS IN PERIOD:	31
INTEREST PAID THIS PERIOD:	.01	ANNUAL PERCENTAGE YIELD EARNED:	.09%
INTEREST PAID 2013:	.01		

\*\*\* CONTINUED \*\*\*

2799 S. 4TH AVENUE • YUMA, ARIZONA 85364 • PHONE: (928) 783-3334



017 00001 00  
ACCOUNT:

PAGE: 1  
10/31/2013

OK

ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	38.90	LAST STATEMENT 09/30/13	264.50
AVERAGE BALANCE	68.00	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 10/31/13	259.50

----- DEPOSITS -----  
REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT  
10/28 225.60

----- OTHER DEBITS -----  
DESCRIPTION DATE AMOUNT  
STATE OF AZ WIFA CASH CONC 920232 13 10/01 225.60  
SERVICE CHARGE 10/31 5.00

----- I N T E R E S T -----  
AVERAGE LEDGER BALANCE: 68.00 INTEREST EARNED: .00  
AVERAGE AVAILABLE BALANCE: 68.00 DAYS IN PERIOD: 31  
INTEREST PAID THIS PERIOD: .00 ANNUAL PERCENTAGE YIELD EARNED: .00%  
INTEREST PAID 2013: .01

----- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD -----  
TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*

2799 S. 4TH AVENUE • YUMA, ARIZONA 85364 • PHONE: (928) 783-3334



017 00001 00  
ACCOUNT:

PAGE: 1  
11/29/2013

ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	33.90	LAST STATEMENT 10/31/13	259.50
AVERAGE BALANCE	72.79	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 11/29/13	254.50

----- DEPOSITS -----  
REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT  
11/25 225.60

----- OTHER DEBITS -----  
DESCRIPTION DATE AMOUNT  
STATE OF AZ WIFA CASH CONC 920232 13 11/01 225.60  
SERVICE CHARGE 11/29 5.00

----- I N T E R E S T -----  
AVERAGE LEDGER BALANCE: 72.79 INTEREST EARNED: .00  
AVERAGE AVAILABLE BALANCE: 72.79 DAYS IN PERIOD: 29  
INTEREST PAID THIS PERIOD: .00 ANNUAL PERCENTAGE YIELD EARNED: .00%  
INTEREST PAID 2013: .01

--- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD ---

TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*

2799 S. 4TH AVENUE • YUMA, ARIZONA 85364 • PHONE: (928) 783-3334



017 00001 00  
ACCOUNT:

PAGE:

1

12/31/2013

ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	28.90	LAST STATEMENT 11/29/13	254.50
AVERAGE BALANCE	57.10	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 12/31/13	249.50✓

DEPOSITS			
REF #	DATE	AMOUNT	REF #
	12/30	225.60	

OTHER DEBITS		
DESCRIPTION	DATE	AMOUNT
STATE OF AZ WIFA CASH CONC 920232 13	12/02	225.60
SERVICE CHARGE	12/31	5.00

INTEREST			
AVERAGE LEDGER BALANCE:	57.10	INTEREST EARNED:	.00
AVERAGE AVAILABLE BALANCE:	57.10	DAYS IN PERIOD:	32
INTEREST PAID THIS PERIOD:	.00	ANNUAL PERCENTAGE YIELD EARNED:	.00%
INTEREST PAID 2013:	.01		

--- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD ---

TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*





017 00001 00  
ACCOUNT:

PAGE: 1  
01/31/2014

ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	23.90	LAST STATEMENT 12/31/13	249.50
AVERAGE BALANCE	67.56	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 01/31/14	244.50

DEPOSITS			
REF #	DATE	AMOUNT	REF #
	01/27	225.60	

OTHER DEBITS		
DESCRIPTION	DATE	AMOUNT
STATE OF AZ WIFA CASH CONC 920232 13	01/02	225.60
SERVICE CHARGE	01/31	5.00

INTEREST		
AVERAGE LEDGER BALANCE:	67.56	INTEREST EARNED: .00
AVERAGE AVAILABLE BALANCE:	67.56	DAYS IN PERIOD: 31
INTEREST PAID THIS PERIOD:	.00	ANNUAL PERCENTAGE YIELD EARNED: .00%
INTEREST PAID 2013:	.01	

ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD

TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*

2799 S. 4TH AVENUE • YUMA, ARIZONA 85364 • PHONE: (928) 783-3334



017 00001 00  
ACCOUNT:

PAGE:

1  
02/28/2014

OK



ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	18.90	LAST STATEMENT 01/31/14	244.50
AVERAGE BALANCE	59.18	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 02/28/14	239.50

----- DEPOSITS -----  
REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT  
02/26 225.60

----- OTHER DEBITS -----  
DESCRIPTION DATE AMOUNT  
STATE OF AZ WIFA CASH CONC 920232 13 02/03 225.60  
SERVICE CHARGE 02/28 5.00

----- I N T E R E S T -----  
AVERAGE LEDGER BALANCE: 59.18 INTEREST EARNED: .00  
AVERAGE AVAILABLE BALANCE: 59.18 DAYS IN PERIOD: 28  
INTEREST PAID THIS PERIOD: .00 ANNUAL PERCENTAGE YIELD EARNED: .00%  
INTEREST PAID 2013: .01

----- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD -----  
TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*



017 00001 00  
ACCOUNT:

PAGE: 1  
03/31/2014



ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK-YUMA -- MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE:928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	13.90	LAST STATEMENT 02/28/14	239.50
AVERAGE BALANCE	64.84	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 03/31/14	234.50

----- DEPOSITS -----  
REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT  
03/27 225.60

----- OTHER DEBITS -----  
DESCRIPTION DATE AMOUNT  
STATE OF AZ WIFA CASH CONC 920232 13 03/03 225.60  
SERVICE CHARGE 03/31 5.00

----- I N T E R E S T -----  
AVERAGE LEDGER BALANCE: 64.84 INTEREST EARNED: .00  
AVERAGE AVAILABLE BALANCE: 64.84 DAYS IN PERIOD: 31  
INTEREST PAID THIS PERIOD: .00 ANNUAL PERCENTAGE YIELD EARNED: .00%  
INTEREST PAID 2013: .01

--- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD ---

TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*



017 00001 00  
ACCOUNT:

PAGE: 1  
04/30/2014

000570

ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
2  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	8.90	LAST STATEMENT 03/31/14	234.50
AVERAGE BALANCE	64.02	2 CREDITS	275.60
		2 DEBITS	230.60
		THIS STATEMENT 04/30/14	279.50

DEPOSITS			
REF #	DATE	AMOUNT	REF #
	04/25	50.00	

OTHER DEBITS			
DESCRIPTION	DATE	AMOUNT	
STATE OF AZ WIFA CASH CONC 920232 13	04/01	225.60	
SERVICE CHARGE	04/30	5.00	

INTEREST			
AVERAGE LEDGER BALANCE:	64.02	INTEREST EARNED:	.00
AVERAGE AVAILABLE BALANCE:	64.02	DAYS IN PERIOD:	30
INTEREST PAID THIS PERIOD:	.00	ANNUAL PERCENTAGE YIELD EARNED:	.00%

ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD

TOTAL CHARGE FOR MAINTENANCE FEE: 5.00

\*\*\* CONTINUED \*\*\*

2799 S. 4TH AVENUE • YUMA, ARIZONA 85364 • PHONE: (928) 783-3334



017 00001 00  
ACCOUNT:

PAGE: 1  
05/30/2014

000567

ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	53.90	LAST STATEMENT 04/30/14	279.50
AVERAGE BALANCE	76.46	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 05/30/14	274.50

----- DEPOSITS -----  
REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT  
05/28 225.60

----- OTHER DEBITS -----  
DESCRIPTION DATE AMOUNT  
STATE OF AZ WIPA CASH CONC 920232 13 05/01 225.60  
SERVICE CHARGE 05/30 5.00

----- I N T E R E S T -----  
AVERAGE LEDGER BALANCE: 76.46 INTEREST EARNED: .00  
AVERAGE AVAILABLE BALANCE: 76.46 DAYS IN PERIOD: 30  
INTEREST PAID THIS PERIOD: .00 ANNUAL PERCENTAGE YIELD EARNED: .00%

--- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD ---

TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*



017 00001 00  
ACCOUNT:

PAGE: 1  
06/30/2014

000563



ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	48.90	LAST STATEMENT 05/30/14	274.50
AVERAGE BALANCE	114.39	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 06/30/14	269.50

----- DEPOSITS -----  
REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT  
06/24 225.60

----- OTHER DEBITS -----  
DESCRIPTION DATE AMOUNT  
STATE OF AZ WIFA CASH CONC 920232 13 06/02 225.60  
SERVICE CHARGE 06/30 5.00

----- I N T E R E S T -----  
AVERAGE LEDGER BALANCE: 114.39 INTEREST EARNED: .00  
AVERAGE AVAILABLE BALANCE: 114.39 DAYS IN PERIOD: 31  
INTEREST PAID THIS PERIOD: .00 ANNUAL PERCENTAGE YIELD EARNED: .00%

--- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD ---

TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*



017 00001 00  
ACCOUNT:

PAGE: 1  
07/31/2014

OK

000556

ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

30  
1  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	43.90	LAST STATEMENT 06/30/14	269.50
AVERAGE BALANCE	73.00	1 CREDITS	225.60
		2 DEBITS	230.60
		THIS STATEMENT 07/31/14	264.50

----- DEPOSITS -----  
REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT REF #.....DATE.....AMOUNT  
07/28 225.60

----- OTHER DEBITS -----  
DESCRIPTION DATE AMOUNT  
STATE OF AZ WIFA CASH CONC 920232 13 07/01 225.60  
SERVICE CHARGE 07/31 5.00

----- I N T E R E S T -----  
AVERAGE LEDGER BALANCE: 73.00 INTEREST EARNED: .00  
AVERAGE AVAILABLE BALANCE: 73.00 DAYS IN PERIOD: 31  
INTEREST PAID THIS PERIOD: .00 ANNUAL PERCENTAGE YIELD EARNED: .00%

--- ITEMIZATION OF SERVICE CHARGE PAID THIS PERIOD ---

TOTAL CHARGE FOR MAINTENANCE FEE: 5.00  
\*\*\* CONTINUED \*\*\*



017 00001 00  
ACCOUNT:

PAGE:

1

08/01/2014

OK

002988



ORANGE GROVE WATER CO INC  
PO BOX 889  
YUMA AZ 85366-0889

01  
0  
0

1ST BANK YUMA - MAIN BR  
2799 SOUTH 4TH AVE  
YUMA AZ 85364

TELEPHONE: 928-783-3334

EXCLUSIVE BUS INT/CH ACCOUNT

MINIMUM BALANCE	38.90	LAST STATEMENT 07/31/14	264.50
AVERAGE BALANCE	38.90	CREDITS	.00
		1 DEBITS	225.60
		THIS STATEMENT 08/01/14	38.90

DESCRIPTION	OTHER DEBITS	DATE	AMOUNT
STATE OF AZ WIFA CASH CONC 920232 13		08/01	225.60

INTEREST

AVERAGE LEDGER BALANCE:	38.90	INTEREST EARNED:	.00
AVERAGE AVAILABLE BALANCE:	38.90	DAYS IN PERIOD:	1
INTEREST PAID THIS PERIOD:	.00	ANNUAL PERCENTAGE YIELD EARNED:	.00%

ITEMIZATION OF OVERDRAFT AND RETURNED ITEM FEES

*****			
*		TOTAL FOR	TOTAL
*		THIS PERIOD	YEAR TO DATE
*			
* TOTAL OVERDRAFT FEES:		\$ .00	\$ .00
*			
* TOTAL RETURNED ITEM FEES:		\$ .00	\$ .00
*****			





Account Number	Statement Date	Page
XX [REDACTED]	August 30, 2014	1 of 4

Midtown Branch  
1500 S. 4th Avenue  
Yuma, AZ 85364  
(928) 783-1170

Fortuna Branch  
11600 S. Fortuna Rd.  
Yuma, AZ 85367  
(928) 783-3330

San Luis Branch  
640 N. 1st Avenue  
San Luis, AZ 85348  
(928) 344-3888

ORANGE GROVE WATER CO INC 615  
PO BOX 889  
YUMA AZ 85366-0880

Exclusive Bus. Int Summary							
Previous Balance	Deposits No.	Amount	Checks No.	Amount	Withdrawals No.	Amount	Ending Balance
38.90	1	225.60	0	0.00	1	-5.00	259.50

Daily Activity Balance Exclusive Bus. Int				
Date	Description	Deposits	Withdrawals	Balance
	Previous Balance			38.90
08-27	Main Office DEPOSIT	225.60		264.50
08-30	Monthly Service Fee		-5.00	259.50
	Ending Balance			259.50

Deposits and Other Credits to Exclusive Bus. Int		
Date	Description	Amount
08-27	Main Office DEPOSIT	225.60
	1 deposit for 225.60	

Withdrawals and Other Debits to Exclusive Bus. Int		
Date	Description	Amount
08-30	Monthly Service Fee	-5.00
	1 withdrawal for -5.00	

Daily Balance Summary for Exclusive Bus. Int							
Date	Balance	Date	Balance	Date	Balance	Date	Balance
08-02	38.90	08-27	264.50	08-30	259.50		

Balances and Fees			
Low Balance (08-02-2014)	38.90	Average Balance	69.84
Interest Paid This Year:	0.00	Current Interest Rate:	0.05%
Average Collected Balance:	69.84		
Total Assessed This Cycle:		Total Assessed This Year:	
Total Returned Item Fees	0.00	Total Returned Item Fees	0.00
Total Overdraft Fees	0.00	Total Overdraft Fees	0.00



Checking - 0128



Account Number	Statement Date	Page
[REDACTED]	September 30, 2014	1 of 1

Midtown Branch  
1690 S. 4th Avenue  
Yuma, AZ 85364  
(928) 783-1170

Fortuna Branch  
11600 S. Fortuna Rd.  
Yuma, AZ 85367  
(928) 783-3335

San Luis Branch  
645 N. 1st Avenue  
San Luis, AZ 85349  
(928) 344-2888

ORANGE GROVE WATER CO INC 1085  
PO BOX 889  
YUMA AZ 85366-0880

Exclusive Bus. Int. Summary							
Previous Balance		Deposits		Checks		Withdrawals	
No.	Amount	No.	Amount	No.	Amount	No.	Amount
	259.50	2	252.61	0	0.00	4	-257.61
						Ending Balance	
						254.50	

Deposits and Other Credits to Exclusive Bus. Int.		
Date	Description	Amount
09-25	Main Office DEPOSIT	225.60
09-29	XFR FM 03 8646222	27.01
		2 deposits for 252.61

Daily Activity Balance Exclusive Bus. Int.				
Date	Description	Deposits	Withdrawals	Balance
	Previous Balance			259.50
09-02	STATE OF AZ WIFA CASH CONC		-225.60	33.90
09-19	ACTUAL CHARGEBACK		-20.01	13.89
09-19	CHARGEBACK FEE		-7.00	6.89
09-25	Main Office DEPOSIT	225.60		232.49
09-29	XFR FM 03 8646222	27.01		259.50
09-30	Monthly Service Fee		-5.00	254.50
Ending Balance				254.50

Balances and Fees			
Low Balance (09-19-2014)	6.89	Average Balance	83.25
Interest Paid This Year:	0.00	Current Interest Rate:	0.05%
Average Collected Balance:	83.25		
Total Assessed This Cycle:		Total Assessed This Year:	
Total Returned Item Fees	0.00	Total Returned Item Fees	0.00
Total Overdraft Fees	0.00	Total Overdraft Fees	0.00

Statement Summary					
Account Number	Account Name	Beginning Balance	Deposits	Withdrawals	Ending Balance
[REDACTED]	Exclusive Bus. Int	259.50	252.61	-257.61	254.50
Totals		259.50	252.61	-257.61	254.50



Checking - 0128



<b>Midtown Branch</b> 1690 S. 4th Avenue Yuma, AZ 85364 (928) 783-1170	<b>Fortuna Branch</b> 11600 S. Fortuna Rd. Yuma, AZ 85367 (928) 783-3335	<b>San Luis Branch</b> 645 N. 1st Avenue San Luis, AZ 85349 (928) 344-2888
---	---	---

ORANGE GROVE WATER CO INC 845  
 PO BOX 889  
 YUMA AZ 85366-0880

0002775		Exclusive Bus. Int Summary				10/1/2014		10/31/2014	
Previous Balance		Deposits		Checks		Withdrawals		Ending Balance	
		No.	Amount	No.	Amount	No.	Amount		
254.50		1	225.60	0	0.00	2	-230.60		249.50

Deposits and Other Credits to Exclusive Bus. Int		
Date	Description	Amount
10-28	Main Office DEPOSIT	225.60
		1 deposit for 225.60

Withdrawals and Other Debits to Exclusive Bus. Int		
Date	Description	Amount
10-01	STATE OF AZ WIFA CASH CONC	-225.60
10-31	Monthly Service Fee	-5.00
		2 withdrawals for -230.60

Daily Balance Summary for Exclusive Bus. Int							
Date	Balance	Date	Balance	Date	Balance	Date	Balance
10-01	28.90	10-28	254.50	10-31	249.50		

Balances and Fees			
Low Balance (10-01-2014)	28.90	Average Balance	57.85
Interest Paid This Year:	0.00	Current Interest Rate:	0.05%
Average Collected Balance:	57.85		
<b>Total Assessed This Cycle:</b>		<b>Total Assessed This Year:</b>	
Total Returned Item Fees	0.00	Total Returned Item Fees	0.00
Total Overdraft Fees	0.00	Total Overdraft Fees	0.00

Statement Summary					
Account Number	Account Name	Beginning Balance	Deposits	Withdrawals	Ending Balance
[REDACTED]	Exclusive Bus. Int	254.50	225.60	-230.60	249.50
	Totals	254.50	225.60	-230.60	249.50





Account Number	Statement Date	Page
[REDACTED]	November 29, 2014	1 of 1

Midtown Branch  
1690 S. 4th Avenue  
Yuma, AZ 85364  
(928) 783-1170

Fortuna Branch  
11600 S. Fortuna Rd.  
Yuma, AZ 85367  
(928) 783-3335

San Luis Branch  
645 N. 1st Avenue  
San Luis, AZ 85348  
(928) 344-2888

ORANGE GROVE WATER CO INC 1325  
PO BOX 889  
YUMA AZ 85368-0880

XX XXXX277 6		Exclusive Bus. Int Summary				11/1/2014 - 11/29/2014	
Previous Balance	Deposits	Checks	Withdrawals	Ending Balance			
	No.	Amount	No.	Amount	No.	Amount	
249.50	1	225.60	0	0.00	2	-230.60	244.50

Deposits and Other Credits to Exclusive Bus. Int.		
Date	Description	Amount
11-24	Midtown Office DEPOSIT	225.60
		1 deposit for 225.60

Withdrawals and Other Debits to Exclusive Bus. Int.		
Date	Description	Amount
11-03	STATE OF AZ WIFA CASH CONC - 920232 13	-225.60
11-29	Monthly Service Fee	-5.00
		2 withdrawals for -230.60

Daily Balance Summary for Exclusive Bus. Int.							
Date	Balance	Date	Balance	Date	Balance	Date	Balance
11-01	249.50	11-03	23.90	11-24	249.50	11-29	244.50

Balances and Fees			
Low Balance (11-03-2014)	23.90	Average Balance	85.96
Interest Paid This Year:	0.00	Current Interest Rate:	0.05%
Average Collected Balance:	85.96		
Total Assessed This Cycle:		Total Assessed This Year:	
Total Returned Item Fees	0.00	Total Returned Item Fees	0.00
Total Overdraft Fees	0.00	Total Overdraft Fees	0.00

Statement Summary					
Account Number	Account Name	Beginning Balance	Deposits	Withdrawals	Ending Balance
[REDACTED]	Exclusive Bus. Int	249.50	225.60	-230.60	244.50
Totals		249.50	225.60	-230.60	244.50



Checking - 0128



Account Number	Statement Date	Page
XXXXXXXXXXXX	December 31, 2014	1 of 1

Midtown Branch  
1690 S. 4th Avenue  
Yuma, AZ 85364  
(928) 763-1170

Fortuna Branch  
11600 S. Fortuna Rd.  
Yuma, AZ 85367  
(928) 763-3335

San Luis Branch  
645 N. 1st Avenue  
San Luis, AZ 85349  
(928) 344-2888

ORANGE GROVE WATER CO INC 1261  
PO BOX 889  
YUMA AZ 85366-0880

OK  
12-31-14

XX XXXX277 6		Exclusive Bus. Int Summary				11/30/2014 - 12/31/2014	
Previous Balance	Deposits No.	Amount	Checks No.	Amount	Withdrawals No.	Amount	Ending Balance
244.50	1	250.60	0	0.00	2	-230.60	264.50

Deposits and Other Credits to Exclusive Bus. Int		
Date	Description	Amount
12-27	Midtown Office DEPOSIT	250.60
		1 deposit for 250.60

Withdrawals and Other Debits to Exclusive Bus. Int		
Date	Description	Amount
12-01	STATE OF AZ WIFA CASH CONC - 920232 13	-225.60
12-31	Monthly Service Fee	-5.00
		2 withdrawals for -230.60

Daily Balance Summary for Exclusive Bus. Int							
Date	Balance	Date	Balance	Date	Balance	Date	Balance
11-30	244.50	12-01	18.90	12-27	269.50	12-31	264.50

Balances and Fees			
Low Balance (12-01-2014)	18.90	Average Balance	64.95
Interest Paid This Year:	0.00	Current Interest Rate:	0.05%
Average Collected Balance:	64.95		
Total Assessed This Cycle:		Total Assessed This Year:	
Total Returned Item Fees	0.00	Total Returned Item Fees	0.00
Total Overdraft Fees	0.00	Total Overdraft Fees	0.00

Statement Summary					
Account Number	Account Name	Beginning Balance	Deposits	Withdrawals	Ending Balance
XXXXXXXXXXXX	Exclusive Bus. Int	244.50	250.60	-230.60	264.50
	Totals	244.50	250.60	-230.60	264.50



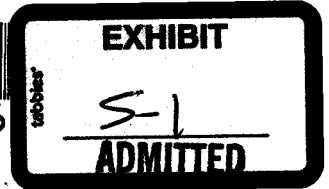
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ORIGINAL

MEMORANDUM



000016



RECEIVED

2015 APR 24 AM 11:02

DOCKET CONTROL

TO: Docket Control

FROM: Steven M. Olea  
Director  
Utilities Division

Date: April 24, 2015

RE: **STAFF REPORT – IN THE MATTER OF THE APPLICATION OF ORANGE GROVE WATER COMPANY FOR APPROVAL OF THE SALE OF ASSETS AND CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO. W-02237A-15-0008)**

Attached is the Staff Report for the sale of Orange Grove Water Company to the City of Somerton and cancellation of its Certificate of Convenience and Necessity. Staff recommends approval of this application with conditions.

SMO:VW:red\BES

Originator: Vicki Wallace

Arizona Corporation Commission

DOCKETED

APR 24 2015

DOCKETED BY	RC
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Service List For: Orange Grove Water Company  
Docket No. W-02237A-15-0008

Mr. Steve Wene  
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Arizona Corporation Commission  
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Phoenix, Arizona 85007

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

ORANGE GROVE WATER COMPANY  
DOCKET NO. W-02237A-15-0008

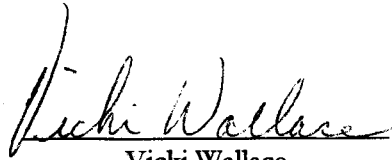
SALE OF ASSETS OF ORANGE GROVE WATER COMPANY TO  
THE CITY OF SOMERTON AND CANCELLATION OF CERTIFICATE OF  
CONVENIENCE AND NECESSITY

APRIL 24, 2015



## STAFF ACKNOWLEDGMENT

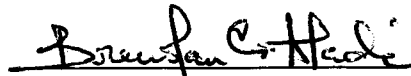
The Staff Report for Orange Grove Water Company, Docket No. W-02237A-15-0008 was prepared by the Staff members shown below. Vicki Wallace was responsible for the review and analyses of the overall application; Frank Smaila was responsible for the engineering and technical analysis; and Brendan Aladi was responsible for the financial analysis.



Vicki Wallace  
Executive Consultant



Frank M. Smaila  
Utilities Engineer



Brendan C. Aladi  
Public Utilities Analyst

**EXECUTIVE SUMMARY  
ORANGE GROVE WATER COMPANY  
DOCKET NO. W-02237A-15-0008**

On January 14, 2015, Orange Grove Water Company ("Orange Grove" or "Company") filed an application with the Arizona Corporation Commission ("Commission" or "ACC") for approval of the sale of the Company's water system assets to the City of Somerton ("City") and for the cancellation of its Certificate of Convenience and Necessity ("CC&N") to provide water service.

Recently, the City offered to purchase the Company, and the Company accepted the offer. The Company executed an Asset Purchase Agreement ("Purchase Agreement" or "Agreement") with the City on July 16, 2014.

The City has extensive experience owning and operating a municipal water utility and has, as indicated above, executed a Purchase Agreement with Orange Grove for the acquisition. No adverse impacts to customers are anticipated, and the City intends to upgrade the water system resulting in improved water service to customers.

The City has agreed to assume all existing customer accounts, and there are currently no customer deposits or mainline extensions due.

Staff concludes that:

- The City has adequate financial, technical and managerial skills to effectively integrate the Company's CC&N into its existing utility.
- The proposed sale of assets and CC&N cancellation will not have an adverse effect on the Company's customers or water service and is in the public interest. The City plans on upgrading the water system resulting in improved water service to customers.
- The Company's system is currently in compliance with ACC, ADEQ and ADWR regulations. The City's system is also in compliance with ADEQ and ADWR regulations.

Staff recommends approval of the sale of the assets of Orange Grove to the City and that the Commission cancels the CC&N of Orange Grove with the following conditions:

1. That Orange Grove files documentation of finalization of the sale of the Company to the City with the Commission in this docket within 30 days of such finalization.
2. That Orange Grove apply funds from the sale to retire the outstanding Water Infrastructure Finance Authority of Arizona loan.

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## INTRODUCTION

On January 14, 2015, Orange Grove Water Company ("OGWC", "Orange Grove", or "Company") filed an application for approval of the Arizona Corporation Commission ("ACC") to sell its assets to the City of Somerton ("City" or "Somerton") and for cancellation of its Certificate of Convenience and Necessity ("CC&N").

After receiving required information, Staff issued a Sufficiency Letter on March 24, 2015, which indicated the Company had met the minimum sufficiency requirements as outlined in the updated Arizona Administrative Code ("A.A.C.") R14-2-402.D. A Procedural Order was issued on March 25, 2015, setting a hearing for May 20, 2015.

## BACKGROUND

Orange Grove is an Arizona corporation authorized to provide water utility service in Somerton, in Yuma County, pursuant to a CC&N granted by the ACC in Decision No. 43621 issued August 30, 1973. The CC&N area was extended in Decision No. 54050 issued May 24, 1984. The town of Somerton, Arizona, is located approximately seven miles south of Yuma in Yuma County, Arizona. Staff's legal description and map of the service area are attached as Exhibit 1.

Orange Grove provides water utility service to approximately 312 meter connections in Somerton. Current rates were set by Decision No. 72734 issued January 6, 2012.

In its instant application, Orange Grove indicates that the City offered to purchase the Company, and the Company accepted the offer. The stated purpose of the sale is "to enable the community to benefit from economies of scale and the water provider receiving the benefits of being a municipal corporation. Those benefits include opportunities to receive grants and subsidized loans, tax benefits, and lower market costs for professional service." The Company has indicated that the proposed transaction will not have any adverse effect on any other utility.

An Asset Purchase Agreement between Orange Grove and the City was executed on July 16, 2014, and was filed in the Docket with the original application.

## ASSET PURCHASE AGREEMENT

The Asset Purchase Agreement ("Agreement") referenced above contains the following main provisions, terms and conditions:

1. The total price for the purchase and sale is \$550,000. The Agreement requires the City to deposit \$5,000 as an "Earnest Deposit" with the Escrow Agent. The Earnest Deposit will be credited toward the City's payment to the Company of the purchase price upon closing.
2. The closing of the sale will be conditioned upon the Company obtaining regulatory approval from the ACC and the City's receipt of a grant.

3. There will be no assumed liabilities associated with the purchased assets.

Although Orange Grove has an outstanding Water Infrastructure Finance Authority of Arizona ("WIFA") loan, it is Staff's understanding the Company will use the sales proceeds to retire the WIFA loan. Additionally, the City filed a loan application with WIFA for the purchase of the Company, and the loan application is ranked and ready to proceed.

Orange Grove maintains it is not currently holding any customer security deposits, and there are no refunds due on mainline extensions.

### **ORANGE GROVE'S WATER SYSTEM**

Orange Grove's water system consists of two wells, one pressure tank, 10 fire hydrants, and a distribution system serving approximately 312 metered service connections. The Company's CC&N area includes approximately 90 acres. The Company currently supplies water to Orange Grove and Rancho Mesa subdivisions. The water system has adequate well production, but according to Staff's calculations, the water system is lacking adequate storage capacity to service existing customers and reasonable growth. The Company indicates that septic tanks are currently utilized for wastewater within the Orange Grove area, but the City is conducting a feasibility study to determine if providing wastewater service in the Orange Grove area is feasible. See Engineering Report, Exhibit 2, for further water system and mapping information.

### **THE CITY OF SOMERTON**

The City has been providing municipal water service since 1920 and owns and operates a municipal water system approximately 1.5 mile west and north of the Company. Thus, the City has extensive experience owning and operating a municipal water utility. The City proposes to purchase the Company's assets and take over management so the necessary upgrades can be made. The City has approximately 3,263 service connections and serves approximately 14,500 customers. The City has adequate financial, technical and managerial skills to effectively integrate the Company's CC&N customers into its existing utility. See Engineering Report, Exhibit 2, for further details about the City and its plan for the Orange Grove CC&N area.

### **RATES AND CUSTOMER SERVICE**

The current rates set for Orange Grove include a minimum monthly usage charge of \$12.15 for a 5/8" x 3/4" meter and a minimum commodity charge of \$2.00 for up to 3,000 gallons; \$2.75 for 3,000 to 8,000; and \$3.31 for all gallons in excess of 8,000.

The Company indicates the rates for Orange Grove customers will not change, and all customers in the Orange Grove CC&N will be included in the City's service area. No adverse impacts to customers are anticipated.

The Consumer Services database indicates that no complaints have been filed with the ACC for the last three years, and no comments to the proposed application have been received. The

Company's rates and the City's current rates are referred in the attached Financial and Regulatory Analysis Report, Attachment 3.

## **COMPLIANCE**

There are currently no delinquent ACC compliance items for Orange Grove. The Arizona Department of Environmental Quality ("ADEQ") and Arizona Department of Water Resources ("ADWR") reports there are no major deficiencies or compliance issues for this Company. The City's water system is also in compliance with ADEQ and ADWR regulations. See Exhibit 3 for more detailed information.

## **CONCLUSIONS AND RECOMMENDATIONS**

Staff concludes that:

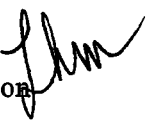
- The City has adequate financial, technical, and managerial skills to effectively integrate the Company's CC&N into its existing utility.
- The proposed sale of assets and CC&N cancellation will not have an adverse effect on the Company's customers or water service and is in the public interest. The City plans on upgrading the water system resulting in improved water service to customers.
- The Company's system is currently in compliance with ACC, ADEQ, and ADWR regulations. The City's system is also in compliance with ADEQ and ADWR regulations.


Staff recommends approval of the sale of assets of the Orange Grove Water Company to the City of Somerton and that the Commission cancel the CC&N of Orange Grove Water Company with the following conditions:

1. That Orange Grove files documentation of finalization of the sale of the Company to the City with the Commission in this docket within 30 days of such finalization.
2. That Orange Grove apply funds from the sale to retire the outstanding WIFA loan.

MEMORANDUM

TO: Vicki Wallace  
Executive Consultant III  
Utilities Division

FROM: Lori H. Miller   
GIS Specialist  
Utilities Division

THRU: Del Smith   
Engineering Supervisor  
Utilities Division

DATE: January 29, 2015

RE: **ORANGE GROVE WATER COMPANY, INC. (DOCKET NO. W-02237A-15-0008)**

Orange Grove Water Company, Inc. has filed an application to cancel its CC&N. The City of Somerton will be serving this area.

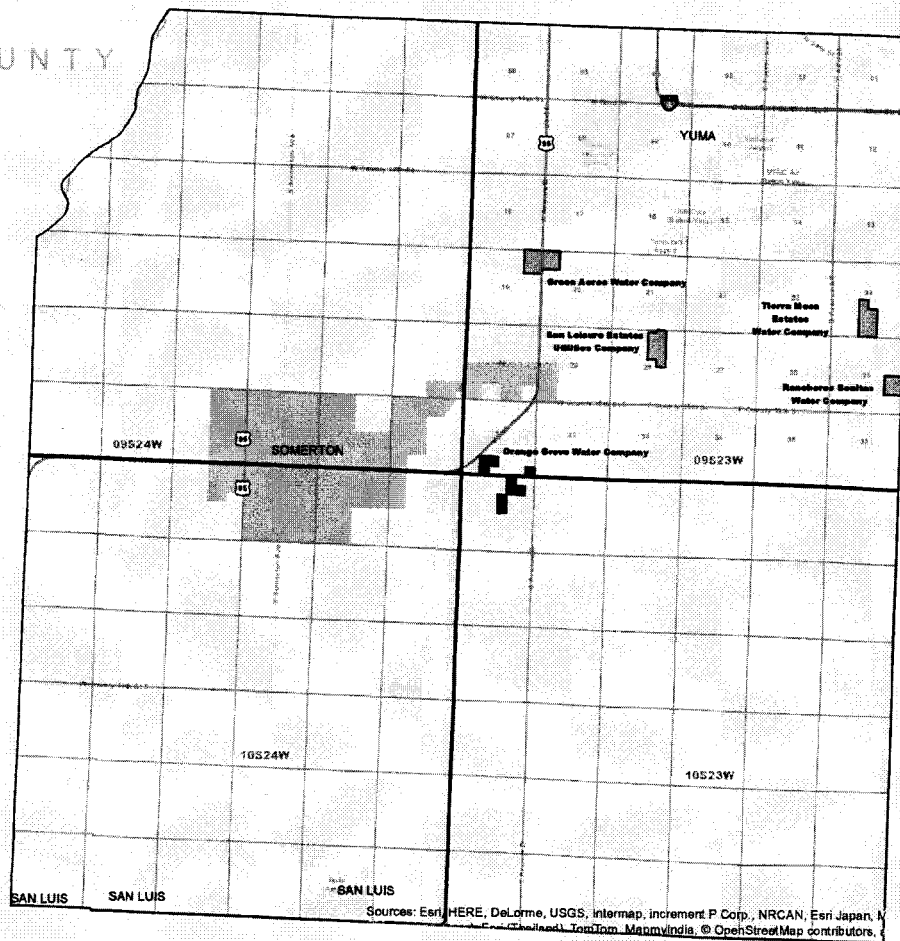
Attached is a copy of the map for your files.

/lhm

Attachment

cc: Mr. Steve Wene  
Mr. Bill Lee  
Ms. Deb Person (Hand Carried)  
Mr. Frank Smaila  
File

# YUMA COUNTY



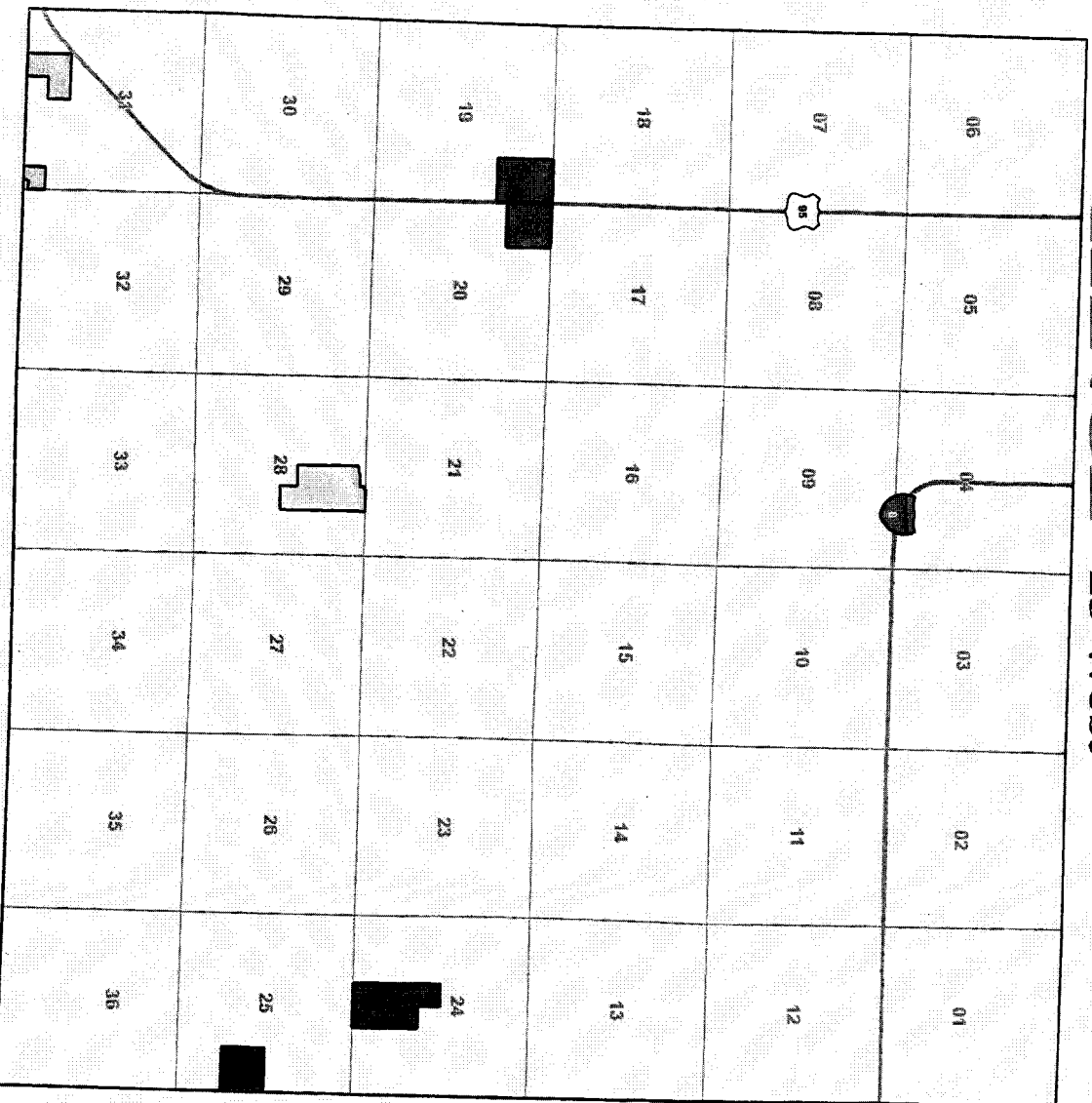
Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P Corp., NRCAN, Esri Japan, Imagery © Mapbox, © OpenStreetMap contributors, and the GIS User Community



# YUMA COUNTY

Map No. 9

## RANGE 23 West



## TOWNSHIP 9 South

W-02271A (1)

Green Acres Water Company

W-02237A (2)

Orange Grove Water Company

W-03254A (2)

Rancheros Bonitos Water Company, LLC

W-02386A (1)

Sun Leisure Estates Utilities Company, Inc.

W-02498A (1)

Tierra Mesa Estates Water Company, Inc.

(2)

Orange Grove Water Company

Docket No. W-02237A-15-0008

Sale of Assets/CC&N Cancellation



Prepared by:  
Arizona Corporation Commission  
Utilities Division  
Engineering Section/CIS Mapping  
602-542-4251

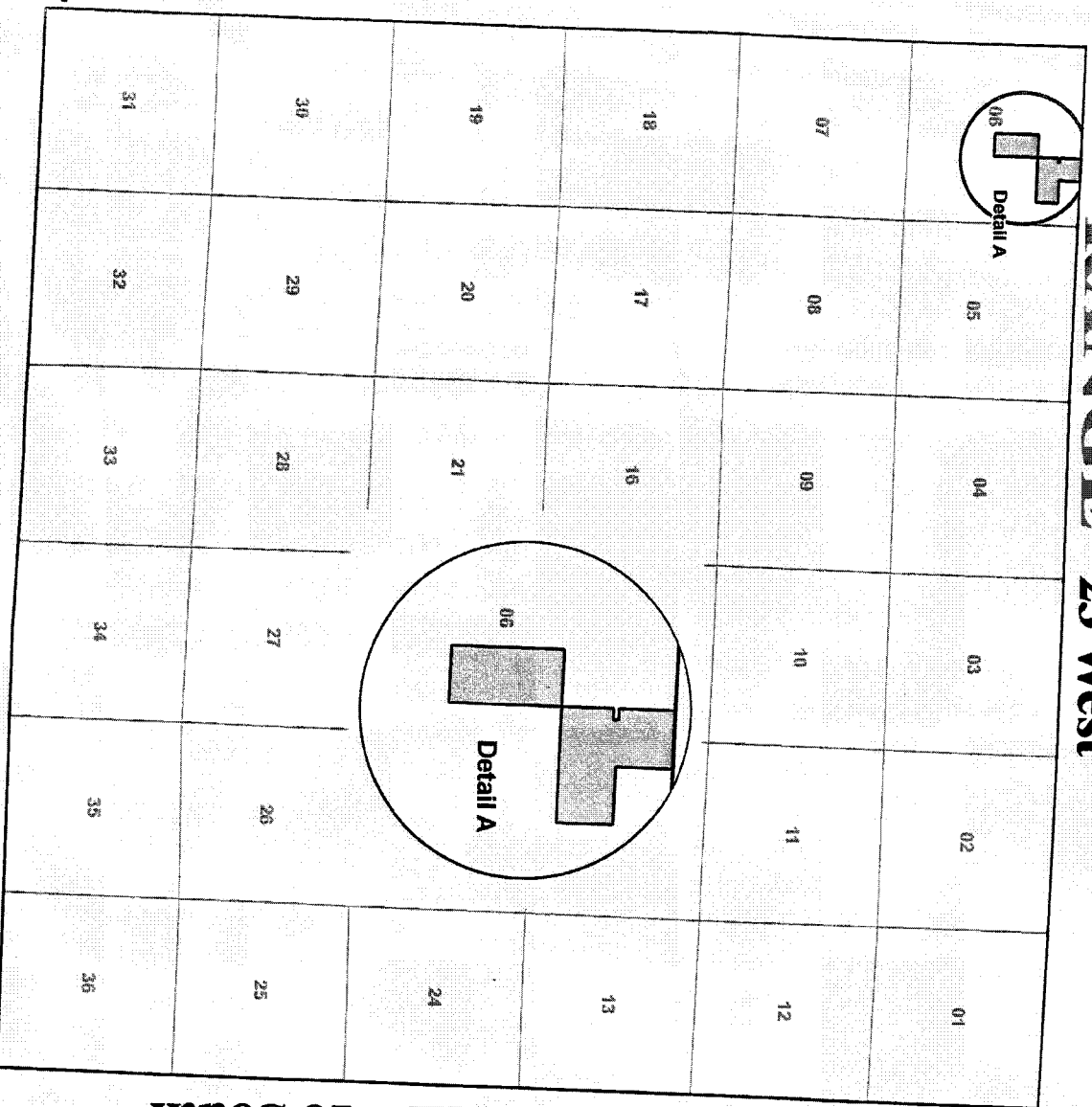
Pursuant to ARS § 39-121.03 this map is 'Not for Commercial Use'

TR9S23W 05 MAY 2009

# YUMA COUNTY

Map No. 10

## RANGE 23 West



## TOWNSHIP 10 South



W-02237A (2)

Orange Grove Water Company



(2)

Orange Grove Water Company  
Docket No. W-02237A-15-0008  
Sale of Assets/CC&N Cancellation



Prepared by:  
Arizona Corporation Commission  
Utilities Division  
Engineering Section/GIS Mapping  
602-542-4251

TR10S23W 30 DEC 1987

Pursuant to ARS § 39-121.03 this map is 'Not for Commercial Use'

## MEMORANDUM

TO: Vicki Wallace  
Executive Consultant  
Utilities Division

FROM: Frank M. Smaila *FMS*  
Utility Engineer  
Utilities Division

DATE: April 9, 2015

RE: Application by Orange Grove Water Company, Inc. for Arizona Corporation Commission approval of the sale of Assets and Cancellation of the Certificate of Convenience and Necessity (Docket No. W-02237A-15-0008)

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### **Introduction**

Orange Grove Water Company, Inc., ("Orange Grove" or "Company") has filed an application for approval of the sale of its assets to the City of Somerton ("City") and cancellation of its Certificate of Convenience and Necessity ("CC&N"). The Company is located approximately 7 miles south southwest of downtown Yuma, Arizona on West County 16<sup>th</sup> Street just southeast of State Route 95 (T9S, R23W, portion of Section 31 and T10S, R23W, portion of Section 06, Yuma County, Arizona).<sup>1</sup> The Company's CC&N area includes approximately 90 acres. The City currently owns and operates a municipal water system approximately 1.5 miles west and north of the Company.<sup>2</sup>

An Asset Purchase Agreement ("Purchase Agreement" or "Agreement") was executed between the Company and City on July 16, 2014. The City has extensive experience owning and operating a municipal water utility. No adverse impacts to customers are anticipated, and the City has funding in place to purchase the Company's assets and complete planned system improvements which will provide continuous and quality water service.

### **Operation of Orange Grove Water System**

According to the Arizona Corporation Commission ("ACC" or "Commission") Utilities Division Annual Water Report for year ending 2013 ("Annual Report"), the Company's water system consists of two wells (Well 55-084965, Pump Yield is 200 gallons per minute ("GPM") and Well 55-809347, Pump Yield is 55 GPM), one Pressure Tank (5,000 gallons), 10 fire hydrants, and a distribution system serving 312 metered service connections. The Company currently supplies drinking water to Orange Grove and Rancho Mesa Verde subdivisions. According to the Arizona Department of Environmental Quality ("ADEQ"), the Company serves a population of

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<sup>1</sup> See Attachment 1, Maps of the Orange Grove Water Company CC&N.

<sup>2</sup> The City of Somerton Municipality is located West of the California-Arizona state line, south of I-8, 8 miles SW of downtown Yuma and along SR-95, approximately 1.5 miles west of Orange Grove Water Company.

approximately 800. The water system does not utilize water storage<sup>3</sup> nor can the water system provide adequate fire flow<sup>4</sup>.

#### *Water System Capacity*

The Company's water system has adequate well production but is lacking required water storage to serve existing customers and reasonable growth.<sup>5</sup> In January 2012, the Commission issued Decision No. 72734 giving the Company the option of installing an on-site emergency generator in lieu of adding storage capacity. On June 22, 2012 the Water Infrastructure Finance Authority of Arizona ("WIFA") announced a \$30,000 loan closing for the Company. These WIFA loan funds were to be used to purchase and install an emergency generator for the Company's high yield backup well to ensure the system can meet peak demand. According to Kathleen Day, the Company's President, a 30 kW emergency generator was installed in 2012.

#### *Public Interest Consideration*

According to the Application, the Company is no longer interested in the day-to-day management of the water system. The City proposes to purchase the Company's assets and take over management so necessary upgrades can be made. The City has adequate financial, technical and managerial skills to effectively integrate the Company's CC&N into its existing utility. According to ADEQ's Safe Drinking Water Information System ("SDWIS"), the City has 3,200 service connections and serves approximately 14,500 customers. The City began providing municipal water service in 1920. The City filed a \$550,000 WIFA loan application for the purchase of the Company. According to WIFA, the loan application is ranked and ready to proceed. Upon finalization of the sale, the City plans on improving service to the Company customers. The planned improvements include Distribution Waterlines, 180,000 gallon Storage Tank, 1,500 GPM Booster Pump Station, Fire Protection Improvements, Emergency Generator, three-phase Electrical Service and abandonment of the Company's two active wells<sup>6</sup>. To finance the improvements, the City has applied for a grant from the State of Arizona Department of Housing ("ADOH"). In October 2014, ADOH had reserved Community Development Block Grant ("CDBG") funds in the amount of \$1,861,049.27 for the City's Orange Grove and Rancho Mesa Verde subdivisions water improvement project.<sup>7</sup> The City's water department personnel who would be responsible for the Orange Grove system have advanced ADEQ operator certifications.

<sup>3</sup> ACC Annual Report for Year Ending 12/31/2013.

<sup>4</sup> City of Somerton, Orange Grove and Rancho Mesa Verde Potable Water Preliminary Design Report, Sept 2014.

<sup>5</sup> The Company provided water use data in its Annual Report for the year ending December 31, 2013. Staff water storage calculations utilizing a multiple well system show that the Company is lacking approximately 15,000 gallons of water storage capacity.

<sup>6</sup> City of Somerton, Orange Grove and Rancho Mesa Verde Potable Water Preliminary Design Report, Sept 2014.

<sup>7</sup> ADOH letter to Bill Lee, City of Somerton City Manager, October 22, 2014.

## **Arizona Department of Environmental Quality ("ADEQ") Compliance**

### *Company's System*

ADEQ is responsible for the administration and enforcement of the Safe Drinking Water Standards within the State of Arizona. In its Public Water System ("PWS") Compliance Status Report dated September 2, 2014, ADEQ reported that the Orange Grove water system, PWS No. 14-366, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

### *City's System*

ADEQ's PWS Compliance Status Report, dated September 2, 2014, reported that the City's water system, PWS No. 14-015, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

## **Arizona Corporation Commission ("ACC") Compliance**

A check of the Commission's Compliance Section database on April 9, 2015, indicated that the Company had no ACC delinquent compliance items.

## **Arizona Department of Water Resources ("ADWR") Compliance**

### *Company's System*

The Company is not located within an ADWR Active Management Area ("AMA"). According to the ADWR compliance status report dated April 6, 2015, the Company water system is currently compliant with departmental requirements governing water providers and/or community water systems.

### *City's System*

The City is also not located within an ADWR AMA. According to an ADWR compliance status report dated February 11, 2015, the City water system is currently compliant with departmental requirements governing water providers and/or community water systems.

## **Conclusions**

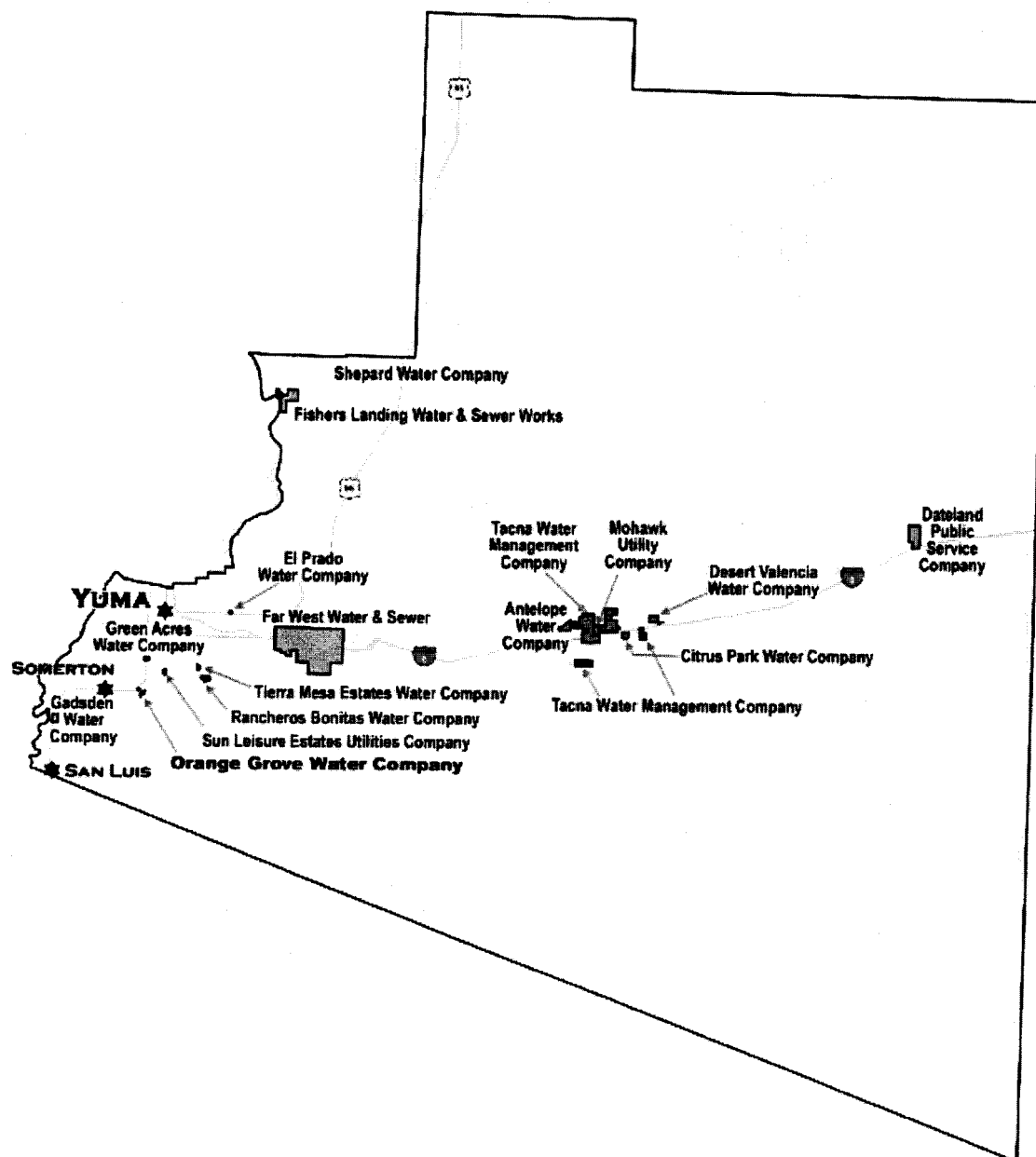
1. Staff concludes that the City has adequate financial, technical and managerial skills to effectively integrate the Company's CC&N into its existing utility.
2. Staff concludes that the proposed sale of assets and CC&N cancellation will not have an adverse effect on the Company's customers and their water service.

3. Staff concludes that the property where the wells are located is included with the proposed sale of assets.
4. Staff concludes that the Company has no delinquent ACC compliance items at this time.
5. Staff concludes that the Company and City water systems are in compliance with ADEQ regulations.
6. Staff concludes that the Company and City water systems are in compliance with ADWR regulations.

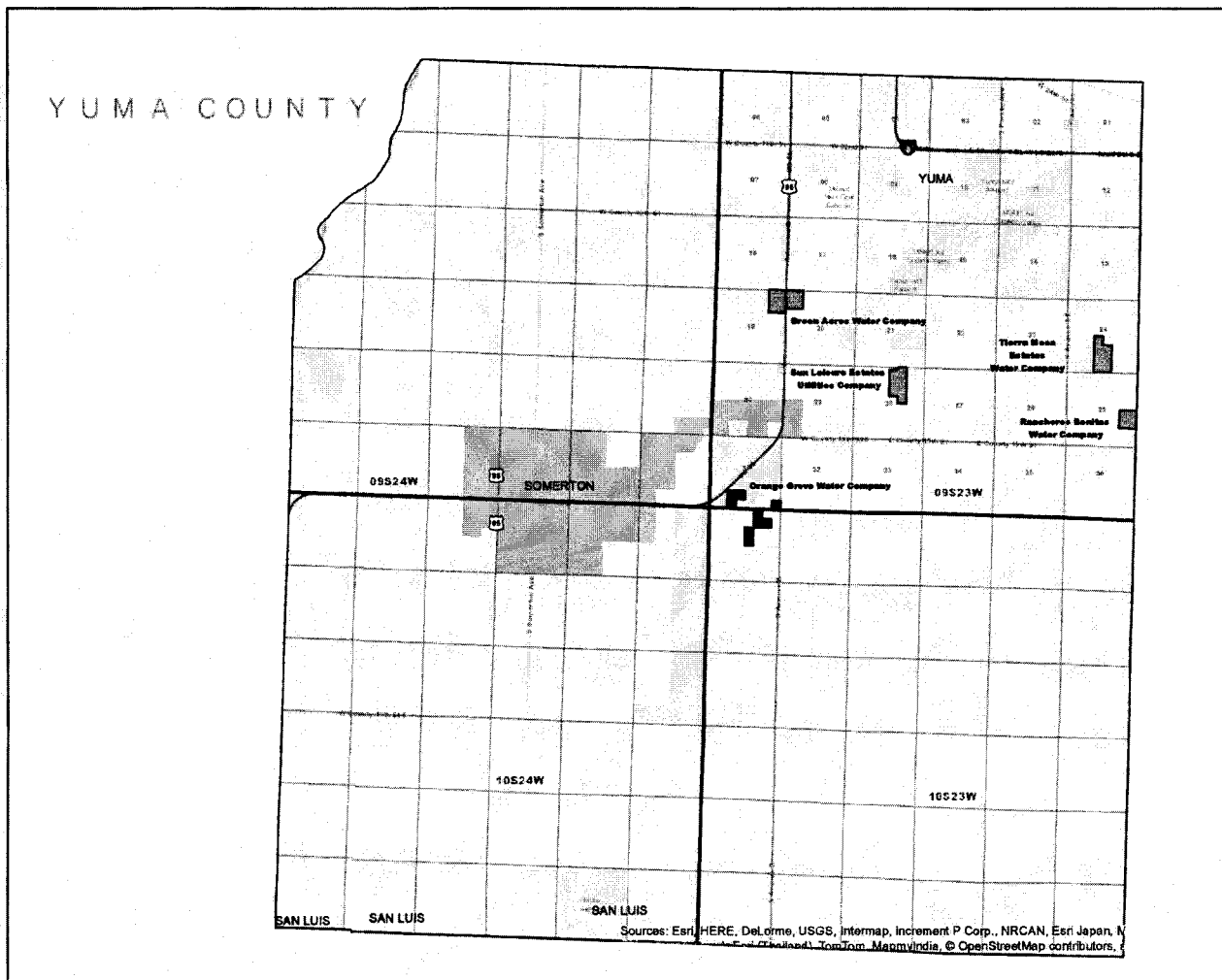
Orange Grove Water Company  
April 6, 2015  
Page 5

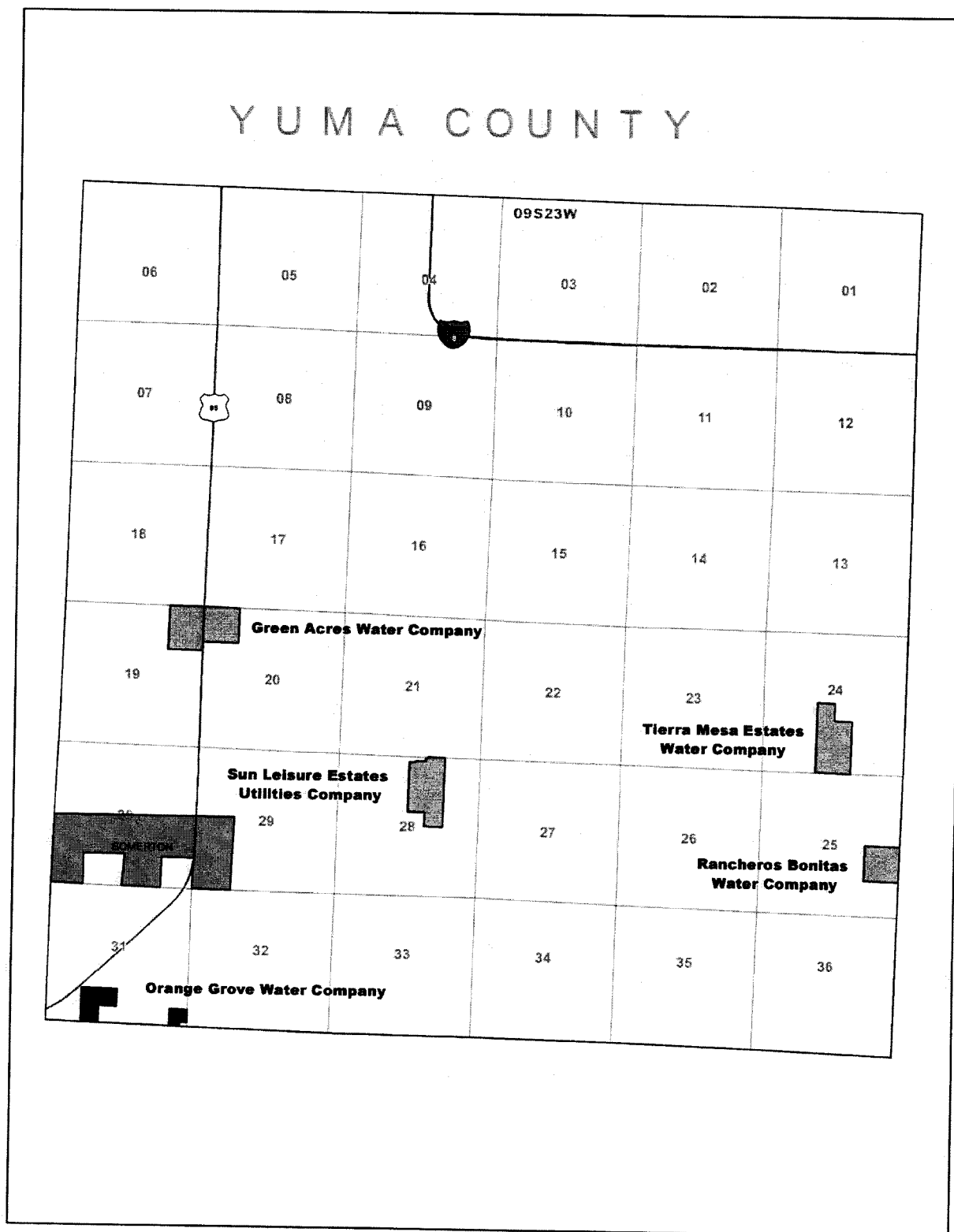
# **ATTACHMENT 1**

## YUMA COUNTY

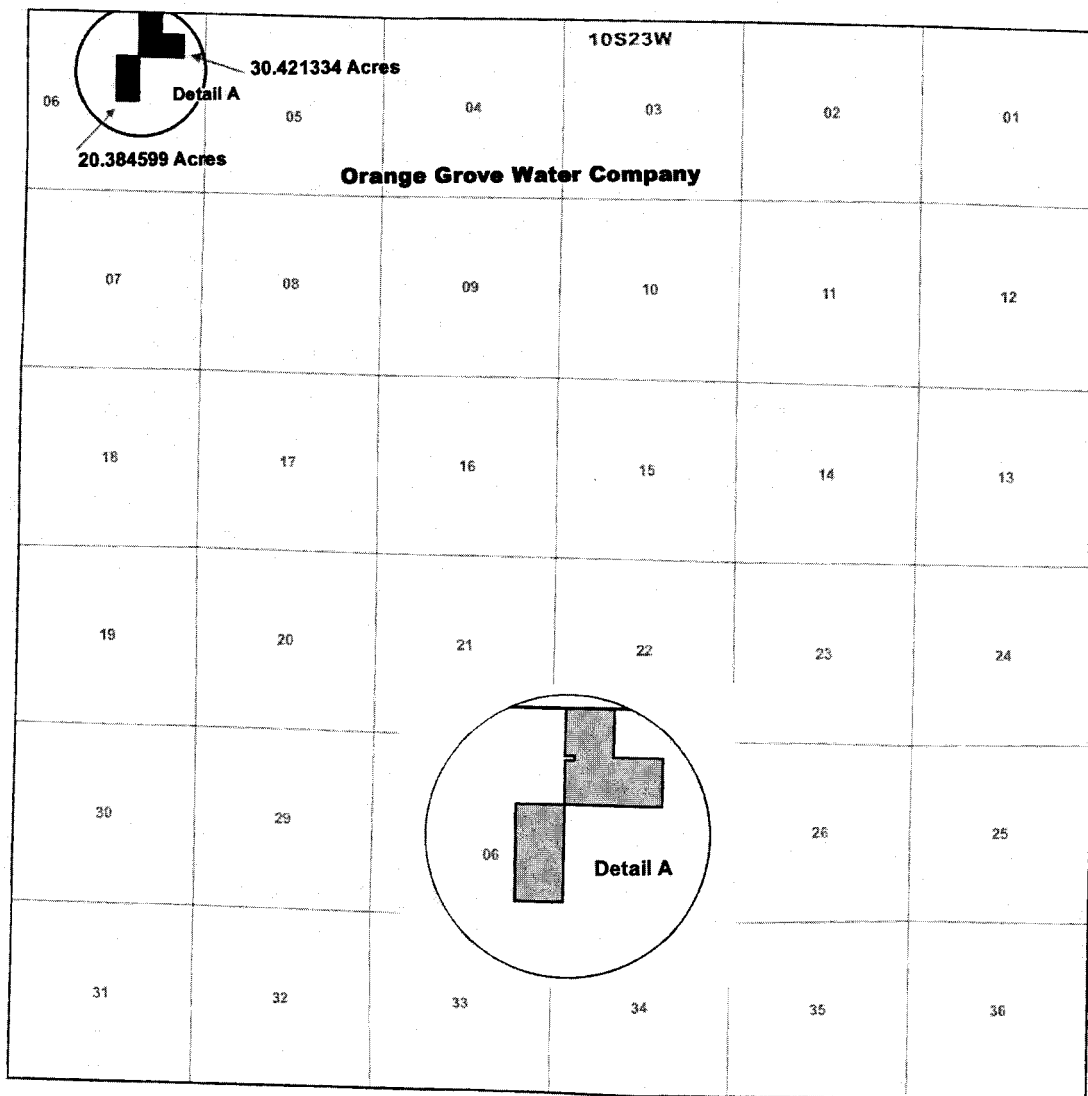








# Y U M A C O U N T Y



**MEMORANDUM**

TO: Vickie Wallace  
Executive Consultant  
Utilities Division

FROM: Brendan C. Aladi **BA**  
Public Utilities Analyst  
Financial and Regulatory Analysis Section  
Utilities Division

DATE: April 8, 2015

RE: IN THE MATTER OF THE APPLICATION OF ORANGE GROVE WATER  
COMPANY, INC. FOR APPROVAL OF THE SALE OF ASSETS AND  
CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND  
NECESSITY. (DOCKET NO. W-02237A-15-0008)

On January 14, 2015, Orange Grove Water Company ("OGWC") filed an application with the Arizona Corporation Commission ("Commission") seeking authorization to sell and transfer its assets and cancel the associated Certificate of Convenience and Necessity. The purchaser of the system is the City of Somerton ("City"), an Arizona municipality. The City provides water service to approximately 3,263 customers at the rates shown on Attachment 1. OGWC currently serves about 300 customers in Somerton, Arizona. Current rates and charges for OGWC were approved in Decision No. 72734. OGWC's rates are higher than the City rates. However, the City will continue to charge OGWC customers the same rates and charges authorized in Decision No. 72734; and are shown in Attachment 2.

The reason for the sale of the water system was to enable the community to benefit from economies of scale and receiving the benefits of being a municipal corporation, which includes opportunities to receive grants, subsidized loans and tax benefits. The City has secured its grant and loan funding for the purchase of the system.

Using OGWC Annual Report for the year ending 12/31/2013, Staff estimates a value of \$53,364 for the original cost less accumulated depreciation reserve for the facilities being sold to the City. The purchase price for the system is \$550,000. The Company has no advances in aid of construction and no customer deposits.

Staff Recommends:

1. The Commission approve OGWC's request for the sale and transfer of the utility assets to the City of Somerton.
2. The Commission cancels OGWC's Certificate of Convenience and Necessity.

**Brendan Aladi**

---

**From:** Daisy Barrios <DBarrios@cityofsomerton.com>  
**Sent:** Thursday, April 23, 2015 2:34 PM  
**To:** Brendan Aladi  
**Subject:** City of Somerton Water Rates

Brandan,

As per our conversation here is the information you've requested on our water rates and sewer.

**Residential Water**

Base Fee (first 5,000 gallons)	\$11.50
Volume Rate (gallons) 5,001 - Above	\$2.39

Residential Sewer	\$36.50 (flat rate)
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**Commercial Class**

Base Fee (first 5,000 gallons)	\$13.63
Volume Rate (gallons) 5,001 - Above	\$2.63

Commercial Sewer	\$19.40 Base Fee \$3.28 (per 1,000 gallons)
------------------	--

Let me know if you need any other information.

Have a great day!

*Daisy Barrios  
Accounts Receivable, City of Somerton  
110 N. State Ave. / P.O. Box 638  
Somerton, AZ 85350  
(928) 722-7344  
[dbarrios@cityofsomerton.com](mailto:dbarrios@cityofsomerton.com)*

## ATTACHMENT 2

ORDER

IT IS THEREFORE ORDERED that Orange Grove Water Company, Inc. shall file, on or before December 30, 2011, a revised rate schedule setting forth the following rates and charges:

MONTHLY USAGE CHARGE:

5/8" x 3/4" Meter	\$ 12.15
3/4" Meter	18.15
1" Meter	30.15
1-1/2" Meter	60.15
2" Meter	96.15
3" Meter	180.15
4" Meter	300.15
6" Meter	600.15

COMMODITY CHARGE: (Per 1,000 gallons)

0 to 3,000 gallons	\$2.00
3,001 to 8,000 gallons	2.75
All gallons in excess of 8,000	3.31
Standpipe, Bulk Water	3.31

SERVICE LINE AND METER INSTALLATION CHARGES:  
(Refundable Pursuant to A.A.C. R14-2-405)

	Service Line Charge	Meter Installation*	Total
5/8" x 3/4 " Meter	\$ 415.00	\$ 105.00	\$ 520.00
3/4 " Meter	415.00	205.00	620.00
1" Meter	465.00	265.00	730.00
1-1/2" Meter	520.00	475.00	995.00
2" Turbo Meter	800.00	995.00	1,795.00
2" Compound Meter	800.00	1,840.00	2,640.00
3" Turbo Meter	1,015.00	1,620.00	2,635.00
3" Compound Meter	1,135.00	2,495.00	3,630.00
4" Turbo Meter	1,430.00	2,570.00	4,000.00
4" Compound Meter	1,610.00	3,545.00	5,155.00
6" Turbo Meter	2,150.00	4,925.00	7,075.00
6" Compound Meter	2,270.00	6,820.00	9,090.00

SERVICE CHARGES:

Establishment	\$25.00
Reconnection (Delinquent)	40.00
After Hours Charge (Flat Rate)	30.00
Meter Test (If Correct)	25.00
Deposit	*
Deposit Interest	*
Re-Establishment (Within 12 Months)	**
NSF Check	\$25.00
Deferred Payment - Per Month	1.50%
Meter Re-Read (If Correct)	\$20.00
Late Payment Charge Penalty	1.50%

Moving Customer Meter (Customer  
Request)

\*\*\*

4" or Smaller

\*\*\*\*

6"

\*\*\*\*

8"

\*\*\*\*

10"

\*\*\*\*

Larger than 10"

\*\*\*\*

\* Per Commission Rule A.A.C. R14-2-403(B).

\*\* Number of months off system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).

\*\*\* Cost to include parts, labor, overhead, and all applicable taxes, including income tax if applicable.

\*\*\*\* 2.00% of monthly minimum for comparable sized meter connection, but no less than \$10.00 per month.

The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.